AN

INQUIRY

INTO THE

PRACTICAL MERITS OF THE SYSTEM

FOR THE

GOVERNMENT OF INDIA.

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FOR

THE GOVERNMENT OF INDIA,

UNDER

THE SUPERINTENDENCE

OF THE

BOARD OF CONTROUL.

BY

THE EARL OF LAUDERDALE.

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THE Author of the following Inquiry felt it his duty, at the close of the last Session of Parliament, to object to a clause introduced into the general bill of appropriation, for the payment of one million five hundred thousand pounds, said to be due by the public to the East India Company.

The grounds on which he stated his objection, he still considers as conclusive. They were, 1*st*, The impropriety of such a measure, when sent up to the House of Lords, in the shape of an enactment, in one of the clauses of the appropriating bill: 2*dly*, The disgrace of concurring in the disposal of one million five hundred

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thousand pounds of public money, without inquiry, and without the House of Lords having before them any information that could substantiate the debt.

He does not, however, desire to conceal that, at the moment, he secretly felt ashamed of his imperfect knowledge of the subject he was called upon to discuss; a feeling to which he was perhaps more sensibly alive, from the recollection that he had been selected, by the partiality of one who is no more, to fill the first situation in the management of the East India Company's affairs.

It was this circumstance that induced him to employ his leisure hours, in the course of the summer, in endeavouring to supply what was deficient in his own information on these affairs; and it is from a similar feeling of duty, that he has since attempted, for the use of others, to compress the most important results of his researches within as moderate a compass as

was consistent with distinctness and perspicuity. The unexpected intention of extending the Company's charter, and of prolonging the duration of the present system of government, (at one time generally believed,) would, of itself, have been a sufficient motive for this undertaking; but what chiefly weighed with the author, in sending his papers to the press, was the ignorance in which the public has been kept, with respect to our transactions in the East, not indeed from a want of authentic documents, but from the voluminous and confused form in which they have been exhibited.

His sole aim, in the present publication, is, by unveiling the transactions and events that are past, to create an impression of the necessity of much mature deliberation, before any decision is formed on a subject so interesting to the national welfare, and involving so many dif-

ficult discussions, as that which relates to the future Government of India.

To him it appears necessary, before the present system can with any degree of propriety be prolonged, to examine, *first,* what were the malversations, what the difficulties that gave it birth? and, *secondly,* what have been the malversations, what the difficulties which it has produced? and if this short tract should be of any use in assisting the public mind to decide on these preliminary topics, the purpose for which it is intended will be fully accomplished.

The recent history of the world has inured the imagination to scenes of overgrown political and financial calamity, and deadened the impression they have a natural tendency to create; otherwise, those who recollect that the pecuniary embarrassment of 1783 was universally regarded as rendering a change in the system for managing the Company's af-

fairs necessary, never could have thought of the present crisis, of infinitely more formidable embarrassment, for prolonging the system under which it has originated.

VALUATION

OF THE

CURRENCY OF INDIA.

BENGAL.

	Rupee,	£0	2	0
1,00,000	*Rupees, one lac,*	£10,000	0	0
100	*Lacs, one crore,*	£1,000,000	0	0

BOMBAY.

	Rupee,	£0	2	3
1,00,000	*Rupees, one lac,*	£11,250	0	0
100	*Lacs, one crore,*	£1,125,000	0	0

MADRAS.

	Pegodas,	£0	8	0
1,00,000	*Pegodas, one lac,*	£40,000	0	0
100	*Lacs, one crore,*	£4,000,000	0	0

Though the above is the valuation of India money observed in the abstracts of the official statements, the author, to avoid trouble, has, in other instances, converted the rupee indiscriminately at two shillings.

70
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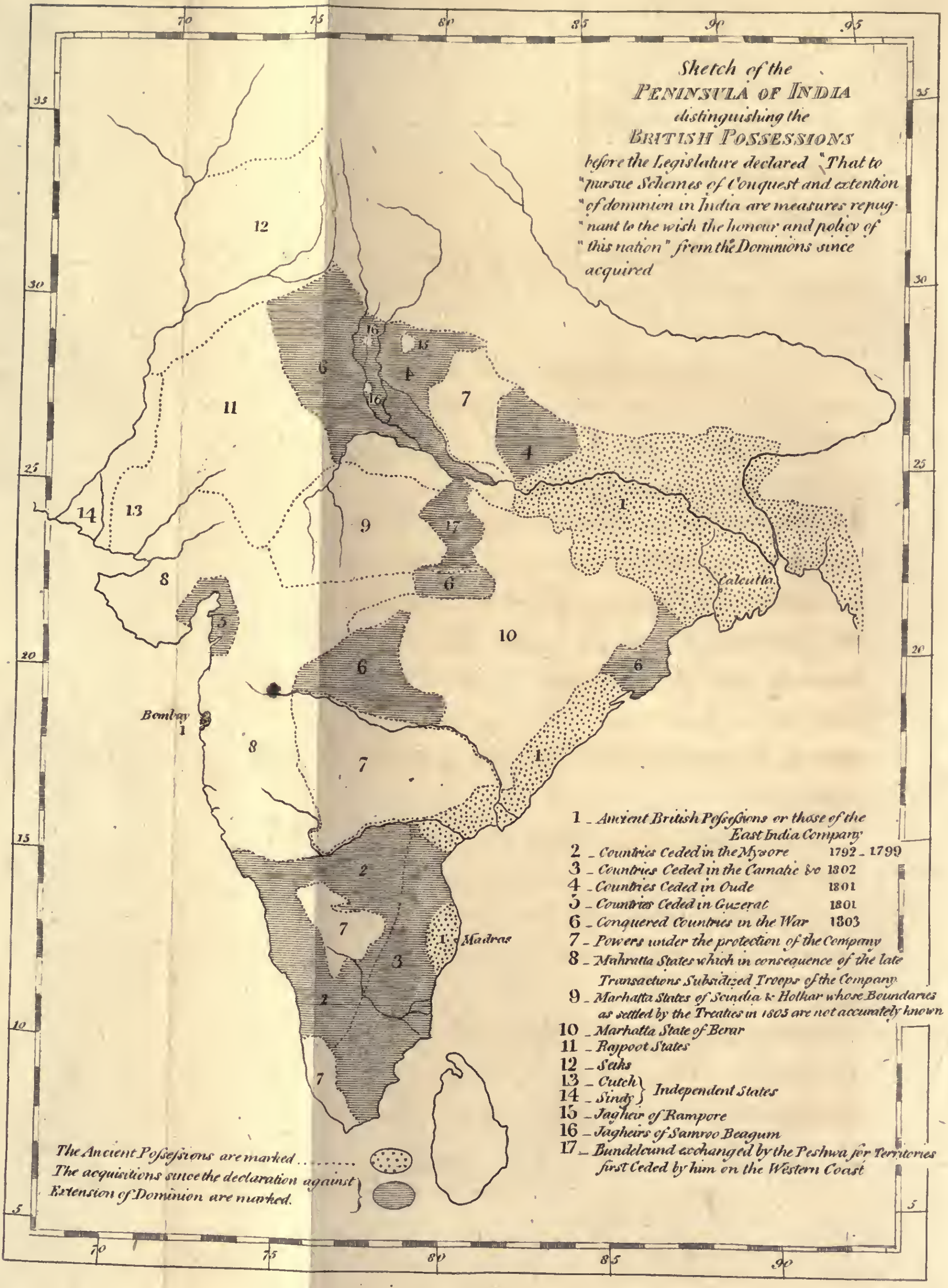
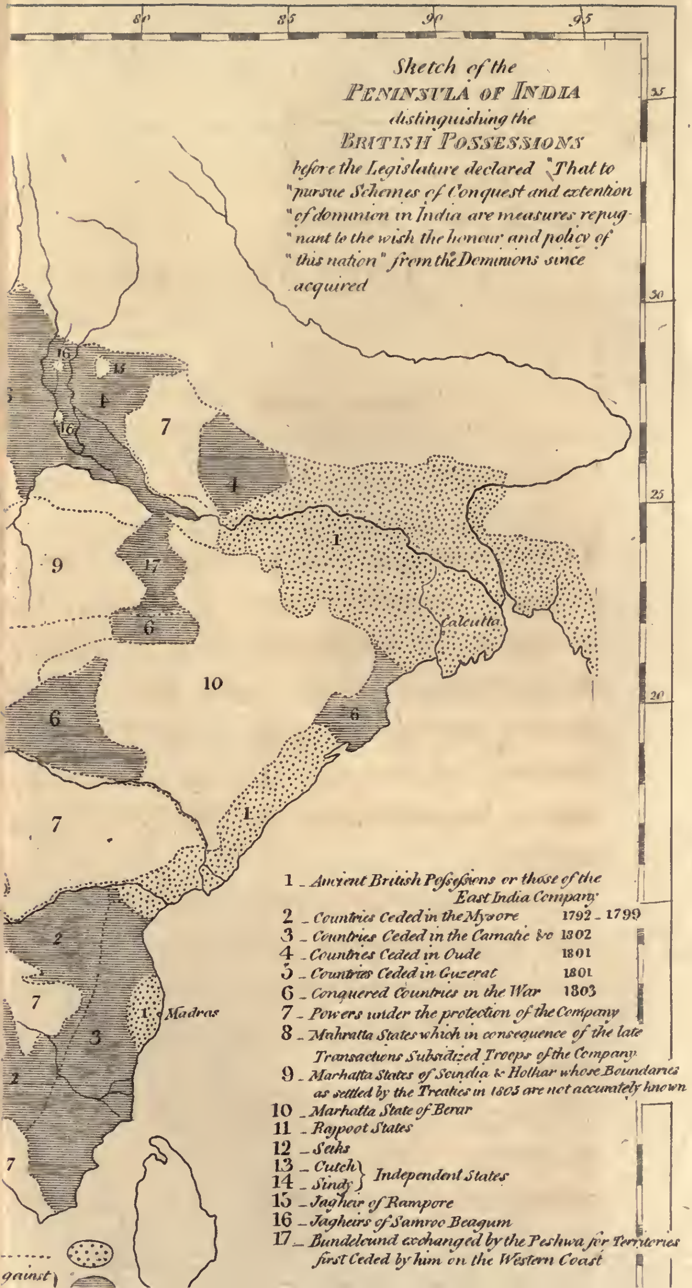
The Ancient Possessions are marked..


Sketch of the
PENINSULA OF INDIA
distinguishing the
BRITISH POSSESSIONS
before the Legislature declared "That to
"pursue Schemes of Conquest and extention
"of dominion in India are measures repug-
" nant to the wish the honour and policy of
" this nation" from the Dominions since
acquired
Bombay
Calcutta
Madras
1 _ Ancient British Possessions or those of the East India Company
2 _ Countries Ceded in the Mysore 1792 _ 1799
3 _ Countries Ceded in the Carnatic &c 1802
4 _ Countries Ceded in Oude 1801
5 _ Countries Ceded in Guzerat 1801
6 _ Conquered Countries in the War 1803
7 _ Powers under the protection of the Company
8 _ Mahratta States which in consequence of the late Transactions Subsidized Troops of the Company
9 _ Marhatta States of Scindia & Holkar whose Boundaries as settled by the Treaties in 1805 are not accurately known
10 _ Marhatta State of Berar
11 _ Rajpoot States
12 _ Seiks
13 _ Cutch
14 _ Sindy
Independent States
15 _ Jagheir of Rampore
16 _ Jagheirs of Samroo Beagum
17 _ Bundelcund exchanged by the Peshwa for Territories first Ceded by him on the Western Coast
The Ancient Possessions are marked
The acquisitions since the declaration against Extension of Dominion are marked.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gainst

AN INQUIRY, &c.

To those who have seriously considered the situation of our Indian Empire, in relation, either to its territorial and political, or to its commercial interests, it has for some time appeared manifest, that the expiration of the East India Company's charter must inevitably lead to a discussion, as unparalleled in difficulty, as it is in importance.

Even a slight acquaintance with the transactions of the Company, whether as sovereigns or as merchants, was sufficient to shew, that the law, as it now stands, had been only made to be neglected.

It was plain, therefore, that, on the renewal of the charter, Parliament would have to decide, whether they would adhere to the principles

avowed when they formerly legislated for India, or sanction and applaud the practice that has since prevailed?

However general the dislike to minute details on Indian affairs, the recent investigations on the charges against Marquis Wellesley, and the disputes, at no very distant period, betwixt the Company and their servants abroad, on the commercial regulations of the act 1793, could leave no doubt that there existed a material difference of opinion concerning the success of the system for the government of our possessions, under the superintendance of a Board of Controul.

It was certain too, that the loss, at the rate of four millions a-year for the last two years, displayed by the accounts before Parliament *, and

* In the account of stock, per computation, printed by order of the House of Commons, 10th July 1807, the balance in favour of the Company is stated, on the 1st March 1806, to be - - - L. 4,058,969

In the account of stock, per computation, printed 18th July 1807, the balance is stated

Carry over, L. 4,058,969

the admission that the balance against the Company, including what was due to the Proprietors,

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Brought forward,	L. 4,058,969
to be, on the 1st March 1807, against the Company, to the amount of - -	836,276
These, taken together, form a loss, betwixt 1st March 1806, and 1st March 1807, of	L.4,895,245
By account of stock, per computation, printed 29th April 1808, the balance against the Company, 1st March 1808, is stated to be -	4,533,153
Deduct balance against the Company, 1st March 1807, as above stated - - -	836,276
Remains loss, betwixt 1st March 1807 and 1st of March 1808, - - - - -	L.3,696,877
Loss as above, year ending 1st March 1807,	4,895,245
Total loss in two years, ending 1st March 1808, - - - - -	L.8,592,122

Four millions, two hundred and ninety-six thousand and sixty-one pounds is, therefore, the average annual loss within the last two years.

amounted to the enormous sum of L. 12,313,153*, were circumstances calculated to provoke suspicion and inquiry, and even to prejudice the public mind against the management of the existing government.

To those, therefore, who had given the slightest attention to the subject, it was obvious, that when the Company's charter expired, the merits of the system on which India had been governed must, of necessity, be thoroughly canvassed; and that Parliament would have to decide, whether, under any, or what modifications, it ought to be continued? or whether the real interests of the nation would not be best consulted, by placing our Eastern dominions, like other parts of the Empire, under the direct superintendance of the Crown, and leaving its trade open to the enterprise and industry of our merchants.

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* Balance against the Company, 1st March 1808, - - -	L. 4,533,153
Capital advanced by the Proprietors, -	7,780,000
Total loss, - - -	L. 12,313,153

By the 33d of Geo. III. cap. 52. the right of the East India Company to the revenues, and to the exclusive trade, does not expire till the year 1814. In contemplating, therefore, these great impending questions, the consideration that there was at least ample time for inquiry and deliberation, on subjects so deeply interesting to the welfare of the empire, must have afforded general satisfaction.

Unfortunately, however, it is now understood, that this discussion is to be prematurely forced on, as the Company think it expedient, in the present critical situation of affairs, when the country is engaged in a contest that involves its existence as a nation, suddenly and unexpectedly to call on Parliament to anticipate the moment of its decision.

The times in which we live have been fertile in the production of subjects of unexampled importance for the consideration of Parliament. But history affords no instance of any country being called upon to decide on the fate of a territory so extensive and so productive. It is on the government of a country producing a revenue of fifteen millions, that Parliament must

now feel itself bound to form an opinion; it is on the regulation of the commerce of one of the most fertile districts of the world, possessing a population, beyond all measure greater than that of the United Kingdoms, that the representatives of this commercial nation are called upon to legislate; and, on the wisdom of their decision, must depend the benefits their constituents can derive from the connexion; for the liberal and enlightened principles universally received in the present age, has placed it beyond a doubt, that one part of our dominions cannot prosper by the depression of another; and have even established, to a degree that no longer admits of controversy, that the increased wealth of a nation is the sure prelude to the prosperity of those with whom it deals.

The system for the management of India, which rumour says is now to be prolonged, originated in a moment of violent political struggles, and at a time when the recent renewal of the Company's charter, and the rights which, under it, the proprietors had acquired, bounded the speculations, and controuled the opinions of all; for

Parliament, in the year 1784, had in truth before them, not the general question, what arrangement of the government and commerce of the East would be most conducive to the benefit of the empire? but the more limited consideration,—what checks, and what degree of controul it was necessary to establish, to secure the interest of those who had obtained the exclusive grant of both, from the fatal effects of the acknowleged malversation and mismanagement of their own servants?

But if the circumstances under which this arrangement originated, precluded all consideration of its general fitness as a system for regulating our connexion with our Indian dominions, it is equally certain, that no examination, either of its merits or demerits, took place in 1793, when, at the expiration of the charter, it seemingly acquired the sanction of the Legislature.

By the proprietors of India stock, the prolongation of the system was, at that time, petitioned for, on the ground that the experience of the past, afforded just reason to believe its continuance would prove equally advantageous to the public,

and to the company *. Whilst in parliament a compliance with this request was urged, by describing the Company as "an organ of Government and of trade, which had experimentally "proved itself to be suited to the administration "of distant provinces, the revenues of which "were to be realized through a regulated commerce †."

Though hardly two years had passed since Lord Cornwallis had declared, that the inhabitants of our provinces in India were advancing rapidly to a general state of poverty and wretch-

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* Your petitioners humbly represent to this Honourable House, that the system established by the said act, for the government of the territorial acquisitions in the East Indies, for the management of the revenues, and for conducting the affairs of your petitioners, aided by the regulations since introduced by the wisdom of Parliament, hath been approved by experience; and as such experience affords just reason to believe, that a continuance of such system will prove equally advantageous to the public and to your petitioners, &c.—*Extract of the Company's Petition to the House of Commons, March* 1793.

† See Mr Dundas's Speech, 23d April 1793.

edness *, yet India was described as having already attained, under the existing arrangements, a state of prosperity, unknown when under the dominion of any of its ancient sovereigns; and the British possessions, in comparison with any of the neighbouring states, were characterized as a cultivated garden, compared with the field of the sluggard †.

Notwithstanding the debts of the Company were daily increasing, and the proprietors were, at that moment, to be called upon to contribute two millions towards the payment of them ‡, the revenue and trade were represented as in a sure state of progressive improvement; and it was repeatedly stated, in the strongest terms, that the resources of India would administer effectual aid to the revenues of this country ||.

From these sanguine, not to say exaggerated descriptions, it was inferred, that, in contradiction

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* Letter to the Court of Directors, dated August 2d 1789.

† Mr Dundas's Speech, 23d of April 1793.

‡ See 33d Geo. III. cap. 47.

|| Mr Dundas's Speech, 5th June 1792, and 23d April 1793.

to all general reasoning, the experience of past success justified the continuance of the present system, which had so admirably answered the political and commercial purposes for which it had been employed *; and this inference was made palatable, by holding out prospects of immediate advantage to all who were concerned.

By the additional dividend, and other advantageous provisions in his favour, the proprietor of India stock must have sensibly felt, that his property was to be forcibly raised to a value which far exceeded his most sanguine expectation. The servants of the Company abroad, were flattered with the hopes of having obtained an easy and advantageous mode of remitting their fortunes to Europe ; the Directors at home saw themselves secured in the enjoyment of that patronage, which, by this arrangement, was rendered more valuable ; and the nation was deluded with the prospect of an immediate aid of five hundred thousand pounds per annum, destined to the public service, as an earnest of the large supplies which the treasury might in future expect.

* Mr Dundas's Speech, April 23d 1793.

An attempt was even made to persuade the manufacturers, who complained of the exclusive privilege that was about to be prolonged, that, indirectly, their object would be attained by what was pompously called a plan for ingrafting an open trade on the exclusive privilege of the Company; but which was, in reality, only an attempt to devise a means of flattering the manufacturing interest, that they would have an opportunity of sending goods to, and drawing raw materials from India; and of satisfying the shipping interest, that this should be effected without interfering with that advantageous monopoly, which they had established under the wings of the Company's exclusive privilege.

Such were the temporising means by which the renewal of the charter, in the year 1793, was recommended to all the various interests concerned.

By this management, the general question of the fitness of the connexion betwixt the Government and the trade of India was kept in the background. It was seemingly waved by universal consent; whilst Parliament was persuaded to prolong, on the ostensible ground of successful ex-

perience, a system declared at the time to be reprobated by all authority, and avowedly repugnant to all theories *.

It is a dread, that the ministers who must have secretly encouraged the sudden and unthought of application with which Parliament is now threatened, may resort to similar arts; and an apprehension that they may presume upon the supposed ignorance of the public in relation to India affairs, that has suggested the propriety of a short examination into the practical merits of this system, whether considered in a political—or in a commercial point of view,—or estimated by the financial prosperity of the Company. To this last criterion, it seems indeed to be more especially important to direct the public attention, as it has been selected by the ostensible author of the system, as the best means of proving *to the Legislature, and to the public, the wisdom of leaving, in the hands of the East India Company, the share they hold in the executive administration of our Indian Empire* †.

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* See Mr Dundas's Speech, 23d April 1793.

† If I can inspire your minds with the same enthusiasm on this subject, with which my own is actuated, I shall

A system of Government, generally speaking, is best to be judged of by the ease and affluence of those who are governed; and by the probability it affords, that the enjoyment of these blessings are secured against interruption from internal commotion, or external attack.

It is not, however, to the consideration of these topics, comparatively vague and general, that it is necessary to resort in estimating the practical merits of the system under which our Indian empire has been ruled.

The times in which, with some essential altera-

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rest in confidence, that you will not disregard my parting advice; but, by adopting the means which are in your hands, speedily overcome your India debt, and thereby exalt your own characters, by consulting the best interests of your constituents, and the general prosperity of your country. By such an operation, you will practically establish the expediency of the system under which we have been acting together for these seventeen years past; and you will prove to the Legislature, and to the public, the wisdom of leaving in the hands of the East India Company the share they hold in the executive administration of our Indian Empire.—*Letter from Mr Dundas to the Chairman of the East India Company, dated 30th June* 1801.

tions, it was prolonged, even those in which it was originally adopted, are as yet so recent, that the objects proposed to be attained must be present to the recollection of the public. But, indeed, at no distance of time can they be mistaken.---They are recorded in the resolutions of the Commons House of Parliament, from whence the measure originated; nay, they are recited in the acts which gave validity to the system, and sanctioned by Parliament at the moment of its adoption.

For it is impossible to read the recital introduced in the act 1784, and repeated in the act 1793, " That, forasmuch as to pursue schemes " of conquest and *extension of dominion* in " India, are measures repugnant to the wish, the " honour, and policy of this nation*," without being convinced, that it was the primary object of Parliament to inforce the prohibition of all schemes of conquest and enlargement of dominion, as well as those injunctions in favour of moderation of conduct towards the native princes, which had

* See § 34. 24th Geo. III. c. 25. Also § 42. 33d. Geo. III. c. 52.

uniformly distinguished the orders of the Court of Directors, and which had been so strongly applauded in the resolutions of the House of Commons *.

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* 1. That the orders of the Court of Directors of the East India Company, which have conveyed to their servants abroad a prohibitory condemnation of all schemes of conquest and enlargement of dominion, by prescribing certain rules and boundaries for the operation of their military force, and enjoining a strict adherence to a system of defence, upon the principle of the Treaty of Illahabad, were founded no less in wisdom and policy, than in justice and moderation.

2. That every transgression of those orders, without evident necessity, by any of the several British governments in India, has been highly reprehensible, and has tended, in a chief degree, to weaken the force and influence, and to diminish the resources of the Company, in those parts.

3. That every interference as a party, in the domestic or national quarrels of the country powers, and all new engagements with them in offensive alliance, have been wisely and providently forbidden by the Company, in their commands to their administrators in India.

4. That every unnecessary or avoidable deviation from those well advised rules, should be followed with very severe reprehension and punishment for it, as an instance of wilful disobedience of orders, and as tending to disturb

Neither can any one attend to the enactments concerning the commerce, and the clause which recites " the advantage to the trade and naviga- " tion of these kingdoms, of insuring to private " merchants and manufacturers the certain and " ample means of exporting their merchandize " to India, and of importing the return for the " same," without conceiving, that, in a mercantile point of view, the main object of the Legislature was to increase the exports of our manufacturers, and the import of raw materials *.

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and destroy that state of tranquillity and peace with all their neighbours, the preservation of which has been recommended as the first principle of policy to the British governments in India.

5. That the maintenance of an inviolable character for moderation, good faith, and scrupulous regard to treaty, ought to have been the simple grounds on which the British governments should have endeavoured to establish an influence superior to that of other Europeans, over the minds of the native powers in India; and that the danger and discredit arising from the forfeiture of this pre-eminence, could not be compensated by the temporary success of any plan of violence or injustice.—*Resolutions of the House of Commons*, 9*th April* 1782.

* See clause 8. of the 33d of Geo. III. c. 52.

But above all, it is unquestionably impossible to contemplate the provisions in relation to the appropriation of the profits*, without inferring, that the great and united object of the regulations, both mercantile and political, was, by abstinence from warfare, and schemes of extension of dominion, and by prudent economical arrangement, abroad as well as at home, to avoid all chance of the recurrence of those pecuniary difficulties which authorised the interference of Parliament in the Company's affairs, and to secure funds sufficient to effect the objects to which, by law, the profits arising from the concern, whether territorial or commercial, were solemnly appropriated.

Such is the view of the subject that decides the order in which the system for the management of India, originating in the act 1784, and perfected by the act 1793, is to be treated of; as it appears that its practical merits may be best examined and submitted to public estimation by considering it under the following heads:

1*st*, Of the efficacy of the system of Indian

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* See clause 111. ibid.

government, as established under a Board of Controul, in preventing schemes of conquest and extension of dominion.

2dly, Of the success of the arrangement sanctioned by the act 1793, in increasing the export of our manufactures and the import of raw materials.

3dly, Of the progress made in effecting the objects to which the profits were by law appropriated; in considering which, the annual statements of the Company's affairs given to Parliament are contrasted with the result exhibited by the present state of their finance.

Of the Efficacy of the System of Indian Government, as Established under a Board of Controul, in Preventing Schemes of Conquest and Extension of Dominion.

It is a knowledge of the criticisms that have been resorted to, and of the doubts that have been raised, relative to the meaning of the clause twice enacted by Parliament, to provide against conquest and extension of dominion in India, that could alone suggest the possibility of a difference of opinion concerning the true import of what it enacts.

To maintain that Parliament merely intended to pronounce a declaration against unjustifiable or offensive warfare, is to display an ignorance of the temper of the times in which the clause was first adopted, as well as of the transactions that led to the supposed necessity of regulating the government of India.

Lord Clive had early stated the expediency of confining our conquests in the East to Bengal, Bahar, and Orissa. To go further, appeared to him so extravagantly ambitious and absurd, that no Governor and Council in their senses could ever think of it, unless the whole system of the

Company's interests, in their Indian possessions, was first entirely new-modelled.

To these, the sentiments of Lord Clive, the Government at home had most cordially subscribed; and the instructions given by the Directors on the subject of our political connexion with the native powers, uniformly prohibited all schemes of extension of dominion, and enlarged on the advantages arising from the preservation of peace.

To the Government of Madras they had expressed their regret that the boundaries of the Carnatic had been passed, even for the possession of the Circars, stating their apprehension of the consequence of so great a division of their forces, and their doubts, whether the charges for defending that acquisition would not always exceed the collections derived from it *.

They had long deprecated all negociation and alliance with the country powers, being convinced, from experience, that no advantage was to be derived from the co-operation of the natives, whose exertions were of little use against an enemy, and who never failed to make peace at the

* See Company's separate letter to Fort St George, March 1769.

expence of their allies, when the issue became precarious.

To the Government of Bengal they had repeatedly announced their determination not to aim at any power or possessions, but what was held in virtue of the Mogul's grants, and confined within the boundaries of Bengal, Bahar, and Orissa.

It was these, and similar instructions, that induced the House of Commons to applaud the orders of the Directors of the East India Company, in the resolutions that have been referred to *; and it was to enforce these resolutions, thus adopted by that House, that this clause was introduced into the act of Parliament.

Mr Fox, an active supporter of that part of the system therein announced, declared, many years afterwards †, that the Legislature meant to condemn the policy of extending our territorial possessions; not to pronounce, like the French Assembly at the commencement of the Revolution, an idle declaration against unjustifiable warfare; and that this was understood to be the real mean-

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* See page 15.

† Debates, April 1805.

ing of the act by those who acted under it, is apparent from Lord Cornwallis's letter to the Nizam, in the year 1789, as well as from Lord Wellesley's instructions to the Residents at Poona and Hydrabad, in the year 1798 *.

But, indeed, no one who recollected the discussions on the act 1784, or who was acquainted

* See Lord Cornwallis's letter to the Nizam, 7th July 1789, which is declared in the treaty of the 4th July 1790 to be equivalent to a treaty.

In Lord Wellesley's instructions to the resident at Hydrabad, 8th July 1798, it is observed, "That the principles of justice, good faith, and moderation, enjoined by "Parliament, and by the orders of the Court of Directors, "must form the basis of those measures, the execution of "which is demanded by the peculiar circumstances of the "moment. Pursuing no schemes of conquest or extension "of dominion, and entertaining no projects of ambition "or aggrandizement, either for ourselves or for our allies, "it is both our right and our duty to give vigour and effect to our subsisting alliances and treaties, by restoring "to our allies the power of fulfilling their defensive engagements with us, through the means of moderate and "pacific representation."—"It must also be our policy "to convince the several powers of India, that their real "interests consist in respecting the rights of their neighbours, and in cultivating their own resources, within the "limits of their several territories." Similar sentiments

with the interests of the Company, in relation to India, could possibly doubt that, at that time, the great object of the Legislature was to limit the extent of our dominions in the East.

Our connexion with India had been uniformly regarded as solely advantageous, from the remittances it secured by means of the investment sent home; and that, in the nature of things, there is

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were, at the same time, expressed in the Governor-General's letter to the resident at Poonah, instructing him to negociate a subsidiary alliance with the Peshwa. For though he was directed to inform the Peshwa, that the Governor-General was "disposed to enter into the "same subsidiary engagements with him which now ex-"ist, or shall hereafter be contracted, between our Go-"vernment and the Nizam," he was cautioned not to accept, without previous reference, any assignment of territory or revenue, for defraying the payment of the troops to be furnished, the Governor-General declaring, "that it is entirely contrary to the whole object and po-"licy of the arrangement proposed, to extend the territo-"ries of the Company, at the expence of any of the par-"ties concerned. It would be injurious to our character "that any circumstance, attending the negociation, should "betray the symptoms of that species of irregular ambi-"tion, which is utterly repugnant to the disposition of "our Government."

bounds to the possible extent of such a benefit, is a proposition which will hereafter be further explained, though it must be familiar to every man habituated to the consideration of mercantile affairs. Neither was it solely mercantile and financial considerations that induced Parliament to display such anxiety to prevent extension of dominion. The effects of the climate on the lives of the increased number of European soldiers, which would become necessary to defend our possessions if greatly enlarged, threatened an expenditure of human life to which the scale of our population was inadequate, and for which no speculation of mercantile profit could indemnify the country.

Unfortunately, however, neither the dictates of reason, nor the authority of the Legislature, have been capable of checking that desire of conquest and of extension of dominion, so repeatedly and so justly reprobated; for we have now to lament, that it has been since displayed to an extent, far exceeding what can be inferred from any thing on record in those reprobated periods of the Company's history, which gave birth to the institution of a Board of Controul.

In making this assertion, which in the sequel will be amply vindicated, to prevent the possibi-

lity of misconception it appears necessary to declare, that it is neither intended to criminate those who governed abroad, nor those who, by the choice of the proprietors, or the appointments of the Crown, have shared the management at home.

Mr Hastings, in reply to the instructions of the Court of Directors, prohibiting all schemes of conquest and enlargement of dominion, long ago pointedly asked, "If the internal resources of a "state are not equal to its wants, where can "it obtain immediate relief but from external "means*."

The remark was not only apposite, but, as urged against the Government at home, it was in some degree just. For if, on examination, it appears that the sure operation of the intercourse carried on with India is to impoverish that country, and to disqualify it from sustaining the increased expences it has a tendency to create; it is to the system itself we must look, as the source of the neglect of those applauded principles to which it is fundamentally repugnant.

Besides, the conduct of Lord Cornwallis, except in a few instances, has had the approbation

* See minute, 10th of January 1775.

of all. His plans and principles regulated the measures of Lord Teignmouth; the charges against Marquis Wellesley have been dismissed; the Directors have disclaimed all share in the transactions that have taken place; and the conduct of the Board of Controul has never yet been publicly and formally called in question. The benevolent principle of our law presumes rectitude, till guilt is established; and, in a Government where the power is divided and shared out, such as that which has had the sway over our Indian possessions, those calamities the system has a tendency to inflict, may arise out of the united conduct of all, when none are exclusively to blame. Indeed, under all Governments proceeding on a system of checks, as it is called, complication, as well as relaxation, may occasion general misconduct, which it is difficult to trace home to any department, in such a manner as to create responsibility.

Neither is this in itself a circumstance, which, with a view to the present inquiry, is of the smallest consequence. Far from exciting regret, it can only be regarded with satisfaction, as it may contribute to justify and confirm conclusions, that might otherwise be difficult to esta-

blish. It is to an examination of the propriety of renewing, of modifying, or of abandoning a system, in which every interest of the empire is deeply concerned, that it is intended to direct the attention of the public; and the detection, or even the punishment of individual misconduct, would form but a poor compensation for the doubt that might, by such a circumstance, be created, whether the calamitous result was to be imputed to the system, or to those who shared in the execution of it: whilst, on the other hand, if ruin ensues, where none are deserving of censure, where the exertions of all are deemed praise-worthy, there can exist no dispute concerning the nature of the inference which calamity authorises.

To this distinct explanation of what is intended, it is proper to add, that it is impossible, consistent with the limited bounds which the general dislike of the subject makes it prudent to prescribe, to go at large into the various transactions with the native powers since the year 1784, or to dilate on the atrocities with which they have been attended. And, unfortunately, it is unnecessary; for a very short statement of the circumstances that have distinguished our connexion with each, will be suffi-

cient to shew how thoroughly and uniformly the precepts of the Legislature have been despised.

Practice, in all successful pursuits, whether virtuous or vicious, attains to excellence, through the medium of a systematic conduct, the features of which, in great concerns, are always too strongly marked not to be easily discerned. In reviewing the short detail of facts, about to be submitted, it is impossible not to perceive, that the object of our friendship and our enmity has been the same; whether flattery or force was the means, extension of dominion has been uniformly the end.

Where this has not been aimed at by open hostility, our first object has been, under the pretence of friendship, to establish a subsidiary force in the dominions of those with whom we were connected, in return for a stipulated tribute. On general principles, this measure of subsidising was regarded as creating a dependence on our arms, which, detaching the states subjected to it from all connexion with other powers, paved the way for future encroachments, by increasing a sense of security in those whose defence we undertook, and producing a relaxation of vigilance and caution convenient to our views.

Such has, in most instances, been the commencement of our attack. Its progress has been marked by increase of subsidy; by demands of security for the regular payment of tribute; and by commutation of tribute for territorial revenue, when resistance had become desperate. Its termination has varied as expediency appeared to dictate; and instances, in the course of the following abridged narrative, will be found, in which the exertions of our friendship have not ceased, till, by placing the interests of the Company upon what has been stiled the secure and permanent foundation of territorial possession; of exclusive civil and military Government; and of undivided influence and power, our allies have been deprived of their dominions, and reduced to the abject state of mere pensioners.

MYSORE.

A treaty of peace with Hyder Ally, the powerful sovereign of this extensive kingdom, was signed at Mangalore, in the year 1784, about the time the Board of Controul was first established *.

* Marten's Treaties, Vol. ii. page 515.

Under this treaty, the relations of peace and amity remained uninterupted, till an attack by Tippoo Saib, the son and successor of Hyder Ally, on our ally the Rajah of Travencore, roused a desire of revenge that warfare alone could appease.

Submissive offers to settle all differences, through a person of rank and dignity sent to our camp, were rejected, Lord Cornwallis declaring, that good policy, as well as a regard to our reputation in India, required that at present, when we had every prospect of aid from the country powers, and Tippoo could expect no assistance from France, we should exact a severe reparation, and take the opportunity of reducing the power of a prince, who avowed so rancorous an enmity to our country *.

In consequence of this determination, war commenced in 1790, which terminated by a treaty of peace in 1792, transferring to the Company and its allies one half of the kingdom of Mysore and its dependencies.

By this treaty, the Company acquired terri-

* See Lord Cornwallis's letters to General Meadows.

tory, producing an additional revenue of upwards of half a million annually *.

From this date, we were at peace with the kingdom of Mysore, till the year 1799, when an alleged connexion with the French, the terror of a jacobin club at Seringapatam, and the refusal of Tippoo till it was thought too late to receive explanations of our demands from an ambassador†, produced an attack on his dominions by the Company and its allies, that ended in the fall of Seringapatam, the death of that prince, and the degradation of his family.

The result of this successful warfare was, a further acquisition of territory on the part of the Company, to the amount of two hundred and forty thousand pounds per annum, after deducting what was allowed for the maintenance of the deposed family ‡.

* Marten's Treaties, vol. v. page 83. Art. 3.

† See Letters from Earl of Mornington to the Court of Directors, Sept. 13th 1789,

‡ This includes not only the territories added to the Company, but also the share it acquired of what was allotted to the Peshwa, and refused by him, as appears from the Governor-General's instructions to the resident at Poona, 23d June 1802.

See the partition treaty of Mysore, 22d June 1799,

To the family of the ancient Rajah of Mysore, whose representative had been kept a prisoner at Seringapatam, a portion of the conquered territory was allotted; and, by the treaty immediately concluded with that prince, the Company acquired a permanent subsidy of two hundred and eighty thousand pounds per annum, together with a right of assuming the exclusive management of the government and revenue in time of war, on payment of a stipulated pension *.

Since the year 1784, therefore, the Company have acquired from the dominions of Mysore, by conquest and treaty,

March 9th 1792—Revenue from territory ceded, - Pag.	13,16,765	L. 526,786
June 22d 1799—Further revenue from territory ceded, after deducting two lack forty thousand pagodas, provision for the deposed family, computed at Ct. Pag.	5,37,170	214,868
Carry over	18,53,935	L. 741,574

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printed in the Asiatic Annual Register, for the year 1799, page 271. See also the separate articles.

* See Subsidiary treaty of Seringapatam, 8th July 1799, Asiatic Annual Register, 1799, page 287.

Brought over,	Ct. Pag.	18,53,935	L. 741,574
Share of what was refused by the Peshwa, as settled under the separate articles of the same treaty*, -	Ct. Pag.	87,958	35,183
July 8th 1799.—Annual subsidy, acquired by treaty from the new Rajah of Mysore, -	St. Pag.	7,00,000	280,000
Total revenue acquired by treaty and conquest from Mysore,	Pag.	26,41,893	L. 1,056,757

CARNATIC.

An amicable arrangement with Mahomed Ally, the old and approved ally of the Company, was one of the first exertions of power on the part of the Board of Controul.

The negociation was conducted by Sir Archibald Campbell, and brought to a conclusion in the month of February 1787.

The annual tribute, payable to the Company

* It appears that the territory acquired in 1799 actually produced double this estimate.—See Lord Melville's Letter to the Chairman of the East India Company, page 52.

in time of peace, was, by this treaty, settled at three hundred and sixty thousand pounds; and, in time of war, the Nabob, after some stipulated deductions, was bound to pay four-fifths of his whole revenue *.

In the year 1790, when the war with Mysore was commenced, Lord Cornwallis thought it necessary (in defiance of the stipulations of this treaty), to secure the regular payment of the four-fifths of the Nabob's revenue, by assuming the government of the Carnatic.

But on the restoration of peace in 1792, a new treaty was framed with this our friend and ally, in which the Company took upon themselves the collection from the tributary Poligars, of a part of the tribute payable in time of peace, and formally acquired a right to assume the management of the Nabob's territority in time of war, on payment to him of four-fifths of the revenue for his maintenance †.

Both these treaties were received with the strongest expressions of approbation at home.

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* Marten's Treaties, Vol. iv. page 492.

† Asiatic Annual Register, 1802, page 115.

This satisfaction was however transitory, for, we learn from authority, that when Lord Wellesley was about to leave this country in 1797, the Government anxiously urged the expediency of seizing the dominions of this Prince.

By the same authority we are also informed, that, in compliance with the instructions he had received, various attempts were made by Lord Wellesley, without success, to attain this desired object, in the years 1798 and 1799 *. In the year

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* That such were the instructions of Government, and that repeated attempts were made to put them in execution, appears from the following paragraph of Marquis Wellesley's letter, 31st July 1801, to the Secret Committee of the Court of Directors.

" I request your Honourable Committee to accept my " congratulations on the conclusion of an arrangement, " which, while it is highly creditable to the justice and " moderation of the British character, has happily esta- " blished the rights and interests of the Honourable Com- " pany in the Carnatic, upon the secure and permanent " foundations of territorial possession, of exclusive civil " and military government, and of undivided influence " and power. It is a great satisfaction to have ultimately " accomplished an object, long and anxiously desired by " the Honourable Company, and earnestly recommended

1801, however, an opportunity occurred, by the death of the Nabob Omdut ul Omrah, the son

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" by the Court of Directors to my special attention, when " I had the honour to receive the charge of this Govern- " ment. Your Honourable Committee is apprized of the " early solicitude which I manifested for the accomplish- " ment of this important measure, upon my first arrival " at Madras, in the month of April 1798, as well as of " the repeated attempts which I made, on various occa- " sions, in the years 1798 and 1799, to effect the same " salutary arrangement. The successive failure of these " attempts, combined with the reflections arising from the " equally unpropitious result of every preceding propo- " sition of a similar nature, has enhanced in my mind the " pleasure of witnessing the conclusion of the late treaty. " The intimate connexion of this happy event, with the " success of your arms in Mysore, forms a peculiar and " interesting feature of the whole transaction; nor can " your Honourable Committee fail to remark, that the " possession of the records of the House of Hyder Ally, " in disclosing to your Government the whole system of " the policy of your enemies in India, is the source from " which we have derived that information which has ena- " bled us to complete the settlement of the Carnatic."—

That this arrangement was long and anxiously desired by the Government at home, has been repeatedly avowed, as appears from the following extract of Mr Dundas's Speech, June 12th 1801:

and successor of Mahomed Ally, of attaining possession of the Carnatic. On this occasion a treaty was concluded with a distant relation of the deceased Nabob, by which his son and rightful heir was set aside; whilst the favoured usurper, in return for acknowledging the guilt of his predecessor *, and transferring the management of the government and revenue to the Company, was received as Nabob, and secured in a large pension †.

This revolution was justified by the allegation, that the two last Nabobs had maintained a correspondence hostile to the interests of the Com-

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"The Nabob of Arcot.——The treaty, under which "our present relation with him stands, was dated in 1792, "and was entered into with his father, on terms extreme-"ly favourable to him. I have several times mentioned "to the House my wish that the treaty might undergo se-"veral modifications."

For complete approbation of the measure, when carried into effect, see Lord Castlereagh's Speech, 29th of July 1803.

* See report of Messrs Webb and Close, explanatory of their proceedings at the palace of the Nabob. Asiatic Annual Register, 1802, page 114.

† See treaty concluded by the Company with Azeem ul Dowlah, dated 31st July 1801.—Asiat. An. Reg. 1802.

pany, with the regent of Mysore, of which correspondence Government was said to have obtained possession at the capture of Seringapatam, in the year 1799.

The remarkable features of this singular transaction are,

1st, That, when the proofs were discovered in 1799, they did not appear satisfactory, as an inquiry to obtain explanation and further information was instituted in 1800.

2d, That the result of the examination at Vellore, in the year 1800, proved the correspondence to have been conducted with the knowledge of Lord Cornwallis, and to have contained nothing but formal declarations of friendship, or overtures on the subject of a negociation of marriage*.

3d, That, though there existed time sufficient for inquiry, it does not appear that Marquis Cornwallis was ever asked whether it was true that he had authorised these communications.

4th, That, though the Nabob Omdut ul Om-

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* See examination at Vellore, May 1800. Asiatic Annual Register, 1802, page 171.

rah lived till the month of July 1801, he was never informed of the accusation, and was therefore precluded from defending himself *.

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* The following is an extract from a paper given to the Commissioners by the guardians of the young Nabob who was set aside :

" We cannot, gentlemen, speak positively as to the
" writings alluded to ; but, from our knowledge of the
" temper, disposition, and sentiments of the late Nabob,
" we are impressed with a full assurance that he was inca-
" pable of acting contrary to his own dignity, and the
" engagements of his alliance, which he ever respected ;
" and indeed we ourselves know, that he never corre-
" sponded with any power in Hindustan, unless by means
" of the Company, and the Company were well acquaint-
" ed with the correspondence which did take place, and
" which consisted only of letters, couched in warm ex-
" pressions of congratulation or condolence. If, besides
" the correspondence of this description, any writings
" have come to light, containing the matters of which you
" have read to us a short abstract, we apprehend they
" have originated with evil persons, for the purpose of
" shaking the friendship and union so long established
" between the late Nabob and the Company : nor do we
" believe that the Company, on mature consideration, can
" hold it to be true that the late Nabob engaged in a cor-
" respondence contrary to their interests ; and, adverting

5th, That the accusation was brought forward in the year 1801, within a few hours after the death of the accused, as a ground for assuming that which, it was admitted, the Company wished to acquire ever since the year 1797 *.

6th, That the young Prince and rightful heir was set aside †, because he could neither be induced to acknowledge the guilt of his father, nor

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"to the amicable and friendly behaviour observed by the "Company till the last moments of the Nabob, the whole "world will be impressed that they entertained no such "suspicions; and with us it is matter of regret, that at a "juncture when the Nabob is deprived of the means of "justification, his reputation should be publicly injured."

* See paragraph in Marquis Wellesley's dispatch, note, page 35.

† The right of the heir to succeed to his deceased father, by the laws of Hindostan, is maintained in strong terms, even by those who enforced this measure, in every case where they could receive no bias from views of momentary expediency. When the Nabob of Oude was supposed to wish to abdicate in favour of one of his younger sons, in the latter end of the year 1799, in the Governor-General's dispatch to the resident at Lucknow, it is stated,

"Whatever latitude the practice and laws of Hindostan "may admit, with regard to questions of succession to so-

to acquiesce in the justice of the proposed punishment, by transferring to the Company the dominions of his ancestors *.

7th, That this unfortunate young Prince was left in the custody of his relation, who, in order to secure a pension of four-fifths of the revenue

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" vereign power, the Governor-General is decidedly of opi-
" nion, that, in the event of his Excellency's abdication,
" no reasonable ground would exist for the exclusion of
" his Excellency's eldest son; his Excellency's abdica-
" tion, therefore, on the terms proposed, must be accom-
" panied by the immediate accession of his eldest son to
" the Musnud."

This opinion is also strongly confirmed, by the following passage of the instructions from the Governor-General to the Commander in Chief, dated 17th of January 1804:

" The authority exercised by Jeswunt Rao Holkar, in
" the name of Khundeh Rao, over the possessions of the
" Holkar family, is manifestly an usurpation of the rights
" of Cashee Rao Holkar, the legitimate heir and suc-
" cessor of Tuckogee Holkar. Consistently, therefore,
" with the principles of justice, no arrangement can be
" proposed between the British Government and Jeswunt
" Rao Holkar, involving a sanction of the exclusion of
" Cashee Rao Holkar from his hereditary dominions."

* See Report of the Commissioners.

of the Carnatic, had both acknowledged the guilt of the late Nabob, and recognised the justice of the punishment;—and that he is since dead *.

By this assumption of the Carnatic, the Com-

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* The following extract of a paper, written by this illustrious youth after he was deposed, sufficiently shews that he had anticipated his fate:

" I have endeavoured, under the mortifying events " which have happened, and the variety of sensations which " have possessed me, to acquaint you of the unhappy si- " tuation in which I find myself exposed, and I am afraid " that I have ill succeeded. I need not endeavour to im- " press you with the horrors of the situation to which I " feel myself reduced; you have but to picture to your- " selves the height of human grandeur, and the sad and " miserable reverse of it; the highest and lowest condition " of which humanity is capable; but even the meanest " subject of the very worst government possesses a bles- " sing which my fortune and fate forbid. He owns the " gratifying sensation of knowing himself safe amidst the " society of his fellows; while I, alas! have no friendly " or kindly sociality, none of those relations and ties " which are made to secure the comforts and happiness of " life; an unit, as it were, in the sum of the people of the " Carnatic, I am delivered into the hands of an enemy, " *who has but one act to execute to finish his career.*"

pany has, however, become possessed of territory, which, on an average of five years, from 1802 to 1807, has produced upwards of twenty-nine lacks of pagodas *, or one million, one hundred and sixty thousand pounds. Deducting, therefore, the three hundred and sixty thousand pounds, formerly paid as annual tribute, there will remain, acquired by seizing the territory of our ally, subject to the payment of his debts, eight hundred thousand pounds of annual receipt.

TANJOUR.

In the year 1787, when Sir Archibald Campbell negociated his arrangement with the Nabob

* Annual receipt of the revenues and customs collected in the Carnatic.

1802-3	Pagodas	26,85,250
1803-4		34,54,702
1804-5		32,73,126
1805-6		28,14,548
1806-7		22,90,938
	Average Pagodas,	29,03,712

of Arcot, a treaty was also concluded with the Rajah of Tanjour.

In this treaty, the Rajah, in return for the stipulated protection of the Company, agreed to the payment of an annual tribute, amounting, in time of peace, to four lacks of pagodas, or L. 160,000*.

In 1792, a new arrangement was made by Lord Cornwallis, by which the tribute was increased to four lacks, 64,285 pagodas, or L. 185,714.

In 1796, the prince was persuaded to agree to other terms, which were afterwards set aside; and, in 1797, we are informed, that summary measures were resorted to with him, by taking possession of the districts assigned under the treaty of 1792, as security for the Company's demands †.

By the last treaty, negociated in 1799 with the present Rajah, the Company's connection with Tanjour was placed on the permanent foundation of territorial possession; as the collection of the revenue, and the management of the

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* See Marten's Treaties, Vol. iv. p. 499.

† See Mr Dundas's Speech, 12th March 1799.

country, were ceded to the Company, who undertook to defend it, to pay all the debts, public and private, of the late and present Rajah *, and to give annually,

1st, Forty thousand pounds, and one-fifth of the net revenue to the present Nabob.

2dly, Ten thousand for the support of the family of the late Nabob.

The gross collection of the revenues of this country has been stated at L. 600,000; but even under British management, in 1792, it amounted only to L. 508,426 †, from which deduct-

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* An anecdote is related of this prince, which strongly illustrates the effect of the distribution of property, in fixing the description of commodities for which a demand can exist. Reduced to the state of a mere pensioner, he is said to have betaken himself to scientific pursuits; and the exports to his court, instead of consisting as formerly of clock-work of great value, of costly furniture or personal ornaments, were last year confined to a model, executed in cork and wood, displaying the bones and veins of a human body, for the purpose of enabling him to prosecute his favourite study of anatomy, in a manner consistent with his religious prejudices, which forbid his being in the same apartment with a dead person.

† See Mr Dundas's Speech, 4th April 1794.

ing L. 141,675, the total allowance payable to the late and present Nabob, there will remain L. 366,741 of annual receipt from Tanjour, instead of L. 160,000, as stipulated in the treaty negociated by Sir Archibald Campbell.

This additional receipt of L. 206,741, is, however, subject to the expence of collection, and to the payment of the Nabob's debts.

THE SUBAH OF THE DECAN.

The treaty by which our connection with the Nizam was regulated, at the time Parliament took the controul over India out of the hands of the Company, was concluded in the year 1768 *.

By this treaty, the right of the Company to the five Circars was confirmed, four of which it seems to have possessed from that time, on payment of L. 20,000 a-year for six years, and L. 20,000 more, whenever the Guntoor Circar, retained by the Nizam as security for the tribute, should be given up.

* Marten's Treaties, Vol. iv. p. 47.

It was stipulated, however, that if the Company retained quiet possession, they should pay, from the year 1794, a pescush or tribute of L. 50,000 per annum, and L. 20,000 a-year more, on acquiring possession of the Guntoor Circar.

In this state things remained till the year 1788, when the Guntoor Circar was given up, on the assurance of Lord Cornwallis, through Captain Kennoway, that the balance of tribute due would be discharged, and that, in future, the payments should be regular.

From this time the Company appear to have possessed the five Circars under the treaty 1768, on payment of an annual tribute of L. 70,000.

In 1789, by a letter from Lord Cornwallis, confirming and explaining several articles of this treaty, we became bound to furnish the Nizam with two battalions of seapoys, and six pieces of cannon, manned by Europeans, when called for, under the sole conditions that they were not to be employed against the allies of the Company; and that their pay and maintenance should be charged from the time they entered his Highness's territory.

This letter in the first article of the treaty of offensive and defensive alliance, signed at Paungul, on the 4th of July 1790, is declared to be equivalent to a treaty.

Subsequent to this, an arrangement seems to have taken place *, by which the Nizam became bound to pay to the Company a tribute nearly equal in amount to that which, under the letter of Lord Cornwallis, he was to receive.

In 1798, a new treaty of defensive and subsidiary alliance was concluded with the Nizam, in which it was stipulated, that he should receive into his country a British subsidiary force of

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* It is believed that this treaty is not published, but its contents are inferred from the following paragraph of Lord Wellesley's letter, dated 21st of November 1798.

" A new subsidiary treaty was signed by his Highness the " Nizam at Hydrabad on the 1st September, and ratified " by me in council on the 18th of the same month. By " this treaty, an increase is made in the British subsidiary " force serving with his Highness, of 4,400 men, and an " increase in the annual subsidy paid by his Highness of " about nineteen lacks of rupees; the former subsidy " having been 58,713 Arcot rupees per mensem, and the " subsidy under the new treaty being 201,425 Arcot ru- " pees per mensem, or 2,417,100 Arcot rupees per annum."

6000 men, for which he was to pay 24,17,100 rupees, or L. 241,710.

In the year 1800, another treaty was negociated at Hydrabad; the subsidiary force was then increased to 8000 infantry, and 1000 cavalry, with the usual proportion of artillery; and in lieu of subsidy, a territory was ceded, the gross collection of which has amounted to about 18,00,000 pags. or L. 720,000. Thus, instead of being bound, as in the treaty 1768, to pay to our ally the Subah of the Decan, a pescush of L. 70,000 annually, the Company has progressively increased the tribute payable by him, and ultimately acquired from him a territory yielding seven hundred and twenty thousand a-year, making a difference, by our transactions with that Prince, in favour of the Company, to the extent of seven hundred and ninety thousand a-year.

The discontent which this last treaty occasioned, is strongly described by Lord Wellesley, under whose orders it was negociated, in his dispatch of the 12th of April 1804, paragraphs 731 to 750; and the Court of Directors have delivered their opinion on the transaction in the following terms:

"With respect to our ally, the Soubadar of the "Decan, the conduct of his officers is represented, "in the 731st paragraph of your letter of the 12th "of April 1804, as contumacious and disobedient. "In the 731st paragraph, it is said, that no exer-"tions were made by the several Kelledars, and "other officers of the Nizam's Government, either "for the defence of his country against the preda-"tory incursions of the enemy, or for the success "of the common cause; and that, in some instan-"ces, acts of hostility were committed against the "British troops by the Nizam's officers. The con-"duct of the Nizam's officers is ascribed by you, "in the 737th paragraph, to the jealousy, distrust, "and aversion with which the connexion with the "British Government was viewed by almost all "descriptions of persons in his dominions, and "that the Nizam himself was not free from the "contagion. He is said to have charged the British "Government with an unauthorised interference "in the internal concerns of his administration, "and to have denied our right to remonstrate "against the conduct of his Kelledars and officers. "Such a state of circumstances might well be deem-"ed by you as affecting the fundamental principle

" of the alliance, and as requiring a remedy, beyond
" the immediate redress of particular causes of
" complaint: but, although in consequence of the
" remonstrance delivered to the Nizam by our Re-
" sident, in public durbar, and of his being admo-
" nished, that the motives and principles ascribed
" to him, would place him in the situation of a
" public enemy to the British Government, his
" Highness was induced to give the most solemn
" and distinct recognition of the principles of the
" alliance, and executed an additional article in the
" treaty to that purpose; yet we fear, that the
" sentiments and disposition of the Nizam and his
" subjects, adverse to the Company's alliance, re-
" mained unaltered. The feelings of the minister
" at Hyderabad, during the last negociation for
" commuting subsidy for territory, must have
" been very acute, when he exclaimed, " *Surely*
" *there must be some bounds to demand and con-*
" *cession, lest the city of Hyderabad should be*
" *claimed of us next.*"

OUDE.

In the year 1804, when the Board of Controul was by law invested with the management of our affairs in India, the connexion of the Company with the Vizier was regulated by an agreement, of date the 19th of September 1781.

By this treaty, the defence of the Nabob's dominions was entrusted to the subsidiary brigade, augmented with one regiment of Sepoys; and the subsidy to be paid by the Company was fixed at three hundred and forty-two thousand pounds per annum*.

But it does not appear that these stipulations were uniformly adhered to, as, from Lord Cornwallis's letter, dated 28th August 1786, we learn, that a different settlement had been made by the Governor-General in the year 1784, and another by Lieutenant-Colonel Harper, for the year ending September 1786†. A new

* See Oude treaties, ordered to be printed by the House of Commons, 14th July 1806, No. 4.

† Extract of a letter from the Governor-General in Council, to the Secret Committee, dated 28th August 1786:

arrangement was, however, made by Lord Cornwallis, in the year 1787, whereby the annual subsidy was increased to five hundred thousand pounds*; and, in March 1797, it was still further augmented, by another treaty, to the sum of five hundred and fifty-five thousand pounds†.

On the accession of the present Nabob, in February 1798, another agreement was made by Sir John Shore, the Governor-General, by which the subsidy was advanced to seven hundred and sixty thousand pounds a-year.

"Upon our receipt of these instructions, we were rather embarrassed in which manner to carry them strictly "into execution. His Excellency the Nabob Vizier, having concluded a voluntary agreement with Lieutenant-"Colonel Harper, for the present fusalee year, ending in "September 1786, which afforded advantages to the Company, superior, in our judgment of them, to those allowed in the treaty of Chunar, or to those obtained by "your late Governor-General in the year 1784."

* See paper, No. 1. presented to the House of Commons on India affairs, ordered to be printed 19th March 1806.

† See Oude treaties, ordered to be printed by the House of Commons, 14th July 1806, No. 5.

By this treaty, the Nabob agreed to give security for regular payment, if any of the instalments should fall into arrear; and to consult the Company's Government concerning the best means of effecting reductions in his establishment. But it is expressly stipulated, that the Nabob shall possess full authority over his hereditary dominions, household affairs, troops and subjects*.

From many documents it is manifest, that those who negociated this treaty, conceived the Nabob would have difficulty to effect the payment of so large a subsidy out of his revenues†; yet all the instalments were regularly discharged, and even additional sums, which the Resident applied for, were provided ‡.

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* See Oude treaties, ordered to be printed by the House of Commons, 14th July 1806, No. 6.

† See the examination of Lord Teignmouth, Sir Alured Clarke, and others, before the House of Commons, 1806.

‡ Extract of a letter from Lord Mornington, to the Resident at Lucknow, June 18th 1799:

"At the same time you will express to his Excellency, "in the strongest terms, my cordial approbation of the

Notwithstanding this acknowledged accuracy in the payment of the tribute, on the 13th February 1801, a new arrangement, which appears to have been for some time premeditated*, was effected under the orders of Marquis Wellesley, by which the Vizier ceded territory to the Company, producing an annual revenue of nearly one million three hundred and fifty thousand pounds †.

On this transaction, it is unnecessary to make any further comment, than what is contained in

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"regularity which has marked the payment of the military "subsidy since my arrival in Bengal."

Letter from the Vizier, 9th July 1799:

"Of late, what exertions have I not made, which have "enabled me to pay the subsidy the very day it became "due, nay even a day before; and what Mr Lumsden has "applied to me for, exclusive of the subsidy, has been "provided without any hesitation on my part."

* Letter from the Governor-General to the Court of Directors, 21st November 1798, paragraph 34.

See also letter to Sir Alured Clarke from Lord Mornington, dated 25th January 1799; and the correspondence with Colonel Scott, on his first appointment as Resident.

† See Oude treaties, ordered to be printed by the House of Commons, 14th July 1806, No. 7.

the following observations of the Court of Directors of the East India Company, extracted from a dispatch which the Board of Controul prohibited them to transmit:

"It is impossible to peruse the papers on the "subject of the negociation with the Nabob "Vizier, which led to the conclusion of the treaty "with his Highness, of the 10th of November "1801, whereby a territory is ceded to the Company in perpetual sovereignty, the gross revenues of which amount to one crore and thirty-five lacks of rupees, (L. 1,350,000) without "experiencing a great degree of surprise and "concern."

"Although the treaty of 1798 stipulates, that "if at any time it should be necessary to augment the British troops, serving in Oude, beyond the number of 13,000 men, the difference "was to be paid by the Nabob, it is impossible "to suppose, that if it should be thought necessary by the Company's Government, for the "general defence, to station the whole, or nearly "the whole of the Bengal army in the province "of Oude, that the Nabob Vizier, under a fair "and liberal construction of the treaty, could be

" considered as liable to defray the entire ex-
" pence. We, nevertheless, find him willing to
" assent to such an augmentation of the Com-
" pany's troops, as should be sufficient for the
" protection and safety of his country, declar-
" ing his readiness to reimburse the expences,
" which were fairly and actually incurred by the
" Company, at the period of Zemaun Shah's ap-
" proach, but objecting to any charges or de-
" grading conditions. He appears likewise to
" have adopted, though reluctantly, every pro-
" position made to him for the reduction of his
" own troops, and furnishes cash for the payment
" of the Company's additional troops; and al-
" though he is accused of a want of regularity in
" the payment of the subsidy, there is but one
" instance, during the pending negociation, of his
" withholding a monthly kist; but this kist he
" shortly after discharged; and it was only in case
" of the kists falling in arrear, that he was re-
" quired by the treaty to give such security for
" their discharge, and for their future regular
" payment, as might be deemed satisfactory. It
" does not appear the Vizier was ever charged
" with any breach of the treaty of 1798; when

" we consider, therefore, that under the 17th " article, he was to possess full authority over " his household officers, hereditary dominions, his " troops, and his subjects, we cannot avoid ex- " pressing our extreme surprise, that the Resi- " dent at his Highness's Court should have been " instructed to offer to his adoption the following " propositions :

" 1st, The complete transfer of the whole of " his authority, civil and military, to the Compa- " ny;—or, 2dly, territorial cessions, equal to the " subsidy and the charges of the augmented force.

" We observe that, at one time, the Vizier " seemed inclined to cede territorial revenue to " the amount of 120 lacks of rupees, on an " abatement being made on account of arrears, " and to be freed from further demands; but " these terms were rejected, and a demand made " of territory equal, at least, to 135 lacks, with- " out any abatement of arrears, unless the first " proposition should be agreed to; but he was " not to be guaranteed from further demands.

" It is painful to peruse the correspondence on " the negociation, *if a positive demand, ac-* " *companied by threats of a most alarming na-*

" *ture, can be so denominated.* The Vizier, we
" observe, repeatedly and positively rejected the
" first proposition; and it was not till a declara-
" tion was made to him, in the most explicit
" terms, that, in case of his refusal, it was the re-
" solution of the British Government, to assume
" the entire civil and military government of the
" province of Oude, that his assent was ob-
" tained. Under such a menace, he appears
" to have had no alternative, but to affix his
" signature to the treaty which had been pro-
" posed, in which not the smallest modifica-
" tion in substance was to be admitted, there-
" by assigning over to the Company, in per-
" petual sovereignty, a territorial revenue of
" Rs. 1,35,00,000; and, though his Highness
" appears to have contended for the sole ma-
" nagement and controul of the reserved terri-
" tory, yet the remaining territories are gua-
" ranteed to the Vizier, and his heirs, under
" such a system of administration as may be re-
" commended by the Company's officers. We
" are not surprised that, during the progress of
" this negociation, the Nabob, as stated in the
" records, should have sometimes seemed to be

" in a state of intoxication, at others, dejected " and in tears, declaring that, after the execution " of the treaty, he should be ashamed to shew his " face to his people.

" We observe, that, on the Vizier intimating a " design, previously to the introduction of the " before-mentioned propositions, to abdicate the " government, and to appoint his son as his " successor, the Governor-General deemed the " proposition of importance, as leading to the " grand object of acquiring for the Company the " exclusive authority, civil and military, over the " dominions of Oude; but the Vizier was not to " be allowed to appoint a successor.

" Upon the whole, the late arrangements with " the Nabob of Oude, under the specious form " of a treaty, can be considered in no other light " than as a direct infraction of the treaty of " 1798, and as wresting from him, against his " will, a portion of his territorial dominions, to " the amount of Rs. 1,35,00,000, not as the " consequence of any breach of engagement on " his part, but in pursuance of views formed by " the Governor-General, of procuring for the " Company the dominion of the whole province

" of Oude ; or, failing in that, such a portion of " territory as would be fully equal to the former " subsidy of 76 lacks, and for the payment of " the additional troops to be stationed in those " dominions, contrary to the established policy, " prohibiting the acquirement of any additional " territory, and in direct violation of the treaty " with the Nabob Vizier of the 21st February " 1798."

Of the accuracy of this commentary, as conveying a true and unexaggerated statement of the treatment to which the Vizier was subjected, no one can doubt, who is acquainted with the circumstances of the case.

But in applauding its justice, as exclusively charging the Governor-General with the transaction censured, there is ground for hesitation. He may urge the anxiety, as has been already stated *, expressed by the Government at home, for the execution of a similar plan in the case of the Nabob of the Carnatic, as by analogy, authorising his conduct in Oude. At all events, it is clear, that his proceedings were known to and subsequent-

* See Note, page 35.

ly approved of by the Board of Controul; for the letter addressed by Mr Dundas to the Chairman and Deputy-Chairman of the East India Company, of date 30th June 1801, proves the author's being well informed that the arrangement was in progress*; and the speech of Lord Castlereagh, the President of the Board, (July 29th 1803), marks complete approbation of the transaction.

But, to the object of the present inquiry, it is immaterial with whom the measure originated. Certain it is, that, by this conduct towards the Vizier, thus severely censured as oppressive and unjust by the Directors, the Company acquired territorial revenue to the extent of thirteen hundred and fifty thousand pounds a-year, from which, if we deduct the annual tribute of three hundred and forty thousand pounds, payable in 1784, there will remain a revenue, since acquired by the Company from the dominions of Oude, of one million ten thousand pounds per annum.

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* See Letter from the Right Honourable Henry Dundas to the Chairman of the Court of Directors, 1801, page 48.

FURRUCKABAD.

The Nabobs of Furruckabad were tributary to, and held their dominions under the Vizier *.

By the fourth article of the treaty of Chunar, 1781, the Company became bound to recal and not to replace their resident at Furruckabad; and this engagement was confirmed by Lord Cornwallis's letter to the Vizier, 21st July 1787 †.

The tribute payable by the Nabob of Furrackabad to the Vizier or Nabob of Oude, was settled, by treaty, at the sum of forty-five thousand pounds a-year ‡.

On the death of the last Nabob, the Company had become guarantee of the agreement betwixt

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* See Copies of Treaties betwixt the Nabobs of Oude and Furruckabad, printed by order of the House of Commons, 29th of April 1806.

† See No. 1. of Papers presented to the House of Commons on India Affairs, and ordered to be printed 19th March 1806.

‡ See Instructions to the Governor of the ceded provinces, dated 21st of March 1802, par. 6.

the Vizier and the government of Furruckabad *.

Under these circumstances, the tribute payable from this Prince became the property of the Company, being part of the revenue ceded by the Nabob of Oude in the treaty of the 13th July 1801 †, and this transfer had not long taken place, before there appeared strong symptoms of a desire to acquire the territory ‡.

The young Nabob being nearly of age, was about to assume the government of his dominions. The tribute had been regularly paid. The country over which his family ruled was at too great a distance to give rise to communications with the regents of Mysore. But, in the absence of these apologies to which we had resorted in the case of Tanjore and the Carnatic, for indulging our irregular ambition of extending our territory, the immorality of the young

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* See agreement, NO. 12, papers presented to the House of Commons on Indian Affairs, 1806.

† See Treaty, papers on Indian Affairs, NO. 12, presented to the House of Commons, 1806.

‡ See Instructions to the Governor of the ceded provinces.

prince and his companions formed the ground of our justification*; and he was compelled, on the 7th of June 1802, to sign a treaty, accepting

* The following extract from the instructions to the governor of the ceded provinces, will shew the ground on which this measure was justified:

"His Excellency considers the measure of abandoning "the management of that province (Furruckabad) to the "young Nabob, to be injurious to the prosperity of the "country, and to the welfare of the inhabitants, and ha-"zardous to the tranquillity of the Company's contiguous "dominions. His Excellency has every reason to believe "that Khimud Mund Khan's description of the character "of the young Nabob, and of his associates, is correct; "(he describes, as appears from another part of the same "paper, the character of the Nabob to be naturally bad, "and to have been rendered still more depraved by the "example and the counsels of his unprincipled com-"panions;) and that, if the Nabob were to be invested "with the management of his own affairs, he would "commit the administration of the province to the hands "of his profligate companions.

"In his Excellency's judgment, it would be equally "unjust and imprudent to commit the independent ma-"nagement of a territory, situated as Furruckabad is with "respect to the Company's provinces, to the hands of "persons not only wanting in the qualifications requisite "for the due administration of affairs, but of depraved

of a pension, and ceding to the Company the dominions he inherited from his ancestors *.

" habits and vicious dispositions. Under actual circum-" stances, the right of the Nabob to exercise the govern-" ment of Furruckabad, cannot, upon any principle of " justice or policy, be admitted, to an extent injurious to " the welfare of the province, and to the interests of the " Company. The British government could not justly " protect the Nawaub in the exercise of authority, without " providing effectual means for precluding the abuse of " it."

* The Nabob, before signing the treaty, remonstrated in the following terms:

" I have understood the proposition for delivering up " the country of Furruckabad into the hands of the Com-" pany's government. I have no power to make any ob-" jections to whatever you propose; but you know that " the Governor-General, during my minority, delivered " over the country to Khimud Mund Khan, as deputy; " Now that my minority has passed, when I was in " hopes that I should be put in possession of the country " and property, this proposition is made to me.—I am " totally at a loss what to do; if I deliver over the " country to the English government, all my relations " and my neighbours, and all the nobility of Hindoostan, " will say that I have been found by the English govern-" ment so unfit to be trusted with any management, that " they did not think proper to entrust me with the ma-

On this measure the Directors of the East India Company have remarked:

'The treaty for the surrender of part of the territories of Oude was succeeded by one equally 'unjustifiable, with the Nabob of Furruckabad, 'for assuming the civil and military government 'of that province, and collection of the revenues, 'on the part of the Company, making an allowance 'to the Nabob of Rs. 1,80,000, from a revenue 'of about ten lacks of rupees per annum. In the '6th paragraph of the instructions for carrying 'the proposed arrangements into execution, it is 'observed, that, "by an engagement concluded "between the late Vizier and the Nabob of Furruckabad, under the guarantee of the Company, the late Nabob was bound to pay an "annual tribute of four lacks and a half of rupees "to the Vizier. The number of troops to be "maintained by the Nabob of Furruckabad was "limited to the extent requisite for the purposes "of state, and the Vizier was charged with the "protection and defence of the province from

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"nagement of such a country; and I shall never escape, "for many generations, from the sneers of the people."

" internal and external enemies." 'Upon which
'we shall remark, that had the tribute of Furruckabad not been transferred to the Company by the late treaty with the Vizier, the Nabob of Furruckabad, under the Company's guarantee, would have been continued in the possession of his country, and protected from any attempt on the part of the Vizier to disturb him. But no sooner is the Furruckabad tribute made over to the Company, than his pretensions to the Company's protection are considered as of no validity, and he is to be dispossessed of the management of his country, upon an allowance of Rs. 1,80,000 per annum. We observe that, previously to the conclusion of the treaty, the Nabob appears extremely anxious to retain his country, at the same time declaring his want of power to make any objection to whatever is proposed to him: the treaty is accordingly executed, and afterwards ratified by the Governor-General.'

SURAT.

The East India Company first obtained posses-

sion of the fort and fleet of Surat, by a treaty, of date 1759, which for years regulated their connection with the Nabobs of Surat.

This treaty originated from an agreement made by the Government of Bombay, 1758, with an adventurer of the name of Pharis Khan, who had held a high office in Surat; by which it was stipulated, that an expedition should be undertaken for the purpose of putting Pharis Khan in possession of the city, under the conditions that the Company should acquire the castle and fleet, and that the expences should be defrayed, or security given for the amount on the receipt of the customhouse.

When the expedition fitted out on the ground of this agreement arrived at Surat, it was thought expedient to enter into a negociation with the grandfather of the present Nabob, and the treaty 1759 was concluded, whereby he agreed to admit Pharis Khan as his Naib or Deputy, and to vest in the Company the exclusive charge of the castle and fleet.

The arrangement was immediately communicated to the Court of Delhi, with a request from the Company and the Nabob, that it might re-

ceive the imperial sanction, which was immediately signified by several hookums and imperial firmauns*.

Under this title, the Company retained possession of the fort and fleet, and exercised the right of collecting certain duties, to defray the expences of the establishment. These, however, never afforded any free revenue; on the contrary it appears, by a minute of Sir Charles Mallet's, 21st July 1797, that the expence, for 37 years, had been Rs. 69,98,250 or L. 699,825, that is, nearly L. 18,914 per annum.

In 1797, instructions were given to the Resident, by the governor of Bombay, to demand from the Nabob a tribute in aid of the Company's charges; and, in May 1798, a sketch of an agreement was transmitted by the Resident, whereby the Nabob stipulated to pay one lack of rupees, that is ten thousand pounds, in quarterly payments, in support of the castle and city†.

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* See Minute of the Governor of Bombay, 13th of August 1799.

† See agreement transmitted by Mr Seaton, resident at Surat, 6th May 1798.

This, however, was rejected by the government of Bombay, who farther insisted, that either the Sepoy establishment or the funds for its payment should be transferred to the Company, the Nabob only retaining a force sufficient for a night patrole*.

A long negociation and correspondence now ensued, in which the Nabob, till his death in January 1799, uniformly remonstrated against the terms that were demanded.

As his son, an infant, died a few days after him, the succession then naturally devolved on his brother.

On this occasion, the Resident was instructed to ascertain from the heir, as from himself, what length he would be willing to go, to obtain the sanction of the English government to his succession, taking care not to acknowledge him as Nabob till he agreed to the draft of the treaty, formerly

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* See draft of an agreement between the Governor and Council of the presidency of Bombay and the Nabob of Surat, transmitted to the Resident, 26th of October 1798,

transmitted, and admitted the interposition of the Company in the administration of justice*.

From various documents it appears, that the heir of the late Nabob manifested the greatest reluctance to make any concessions, further than the payment of one lack of rupees per annum, to which his brother had acceded; and on the 18th of August 1799, Mr Seaton, the resident at Surat, in a letter to the governor of Bombay, declared, that he would "stake his "life on it, that more than the lack is not "to be got by any means short of military "force. Take the government from the family, "and pension them, though such a measure "would, in my humble opinion, be contrary to "good faith, I scarce believe, after all endea-"vours for this pension, and the increased ne-"cessary establishments, that the Company "would be more in pocket than they will now, "with their present establishment and the dona-"tion."

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* See letter from Mr Duncan to Mr Seaton, 9th of February 1799.

The affairs of Surat remained in this unsettled state till the year 1800, when a treaty was transmitted from the supreme Government of Bengal, with peremptory instructions for a new arrangement of the Company's connexion with the heir of the Nabob.

In these instructions, of date 10th March 1800, the Government of Bombay are informed, that, in the opinion of the Government of Bengal, the demise of the late Nabob of Surat opened a view of the subject entirely different; and they proceed to state, " that whatever doubt may have arisen " as to the exact limits of the authority of the " Company, and the Nabob who negociated the " treaty in 1759, it appears to us, that all ques- " tions on that subject necessarily ceased on the " demise of that Nabob.

" On a reference to the treaty of 1759, con- " cluded with Mayeneddien, we find that it was " only a personal engagement with that Nabob, " and that it *did not extend to his heirs.* Indepen- " dent of the terms of the treaty, the discussions " which passed in 1763, on the death of Mayen- " eddien, as well as the letter from your Govern- " ment, dated the 25th March 1790, when the

" office of Nabob again became vacant, by the " death of Kotubuddeen, prove it to have been " the general sense, that the operation of the " treaty of 1759 ceased on the demise of Mayen- " eddeen.

" The power of the Mogul having also be- " come in fact extinct, as is evinced by the result " of the application made for his sanction to the " succession of the late Nabob, it follows that " the Company, *not being restricted with respect " to the disposal of the office of Nabob by any " specific treaty, are at liberty to dispose of it " as they may think proper.*

" This right of disposing of the office of Na- " bob is accompanied by an indispensable duty of " providing a just, wise, and efficient administra- " tion for the affairs of Surat, the lapse of the " powers of government having left no other " party excepting the Company, in a state to " protect the persons and property of the inhabi- " tants of that city.

" The late Nabob, therefore, and his father " Kutubuddeen, must be considered to have suc- " ceeded to the office of Nabob, not in virtue of " the treaty of 1759, concluded with Mayened-

" deen, but through the favour and friendship " of the British Government, extended to them " in consideration of the connexion which sub- " sisted between their ancestor, Mayeneddeen, " and the Company.

" The same equitable principle will guide our " determination respecting the succession on the " present occasion, but with such limitations as " the safety and good government of the city " demand.

" The defenceless state of Surat has for many " years past afforded the most serious grounds " of apprehension; and a variety of additional " considerations, arising out of recent events, " render the placing of the city in a respectable " state of defence an object of the greatest im- " portance to the British interests.

" With regard to the internal government of " the city, the frauds, exactions, and mismanage- " ment in the collection of the revenue, the " avowed corruption in the administration of jus- " tice, and the entire inefficiency of the police, " as manifested in the different tumults which " have occurred in the city, particularly that " excited in 1795, afford abundant evidence, that

"the Nabobs were as incompetent to conduct "the internal government of the city, as to pro- "vide for its external defence.

"It is obvious, that these important objects "can only be attained by the Company taking "the entire civil and military government of "the city into their own hands, and consequent- "ly it is their duty as well as their right to have "recourse to that measure.

"You will explain the grounds of this deter- "mination to Nasuruddeen, and deliver to him "the enclosed articles of agreement, his acquies- "cence in which must constitute the conditions "of his being allowed to succeed to the office of "Nabob."

On the receipt of these instructions, and a draft of the intended treaty, the Governor of Bombay immediately repared to Surat, in order to enforce the execution of it.

At first, the brother of the deceased Nabob positively refused to agree to the terms, declaring, "That he could not survive such an ac- "quiescence as was demanded of him, not only "from a sense of personal degradation, but from "the odium he would also incur from all the

"body of Mussulmans, who, considering Surat "as the door of Mecca, could not desire to see it "in the hands of those of another religion."

On being informed, however, that the gates of the city would forcibly be taken possession of next day, and that, considering the turn affairs were likely to assume, he must place no reliance on the Company's making any provision for his support, he ultimately executed the treaty in the same form in which it was transmitted from Bengal*.

By this treaty, the Company acquired an exclusive right to the government and the management of the revenues; and the Nabob and his heirs were secured in the annual receipt of one lack of rupees, and one-fifth of the net revenues.

On this transaction it is to be observed,

1st, That there is reason to doubt the fact founded on by the Government of Bengal, that the treaty 1759 did not verbally secure the government to the heirs and descendants of the Na-

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* See Minute of the Governor of Bombay, 25th July 1800.

bob of Surat: for, in the recital introductory to the agreement transmitted by Mr Seaton to the government of Bombay, it is stated, "that the "treaty made by the late Mr Spencer, with the "the Nabob Moineddien Khan, in the year 1759, "stipulated, that the government of this city shall "be secured to the children of the said Nabob, "from generation to generation."

2dly, That if it was not so distinctly expressed, it was certainly so understood, as the title of the father and the brother of the claimant was allowed on that principle; for, in 1789, the Bombay Government state themselves to have submitted to Lord Cornwallis, "Whether it might "not be practicable to secure to the Company, "through the Court of Delhi, the reversion of "the entire government of the city of Surat, in "the event of the death of the Nabob, whose de-"mise was not then looked upon as far distant, "by which the English influence would be ex-"ceedingly augmented." They farther add, that, on the death of the Nabob, the "Bengal "Government were of opinion, that the late Na-

" bob's eldest son had a right to the office by
" inheritance *."

3dly, It must be supposed, that there was some mistake on the subject of the internal government of Surat, which is assigned as a reason for this revolution; for Mr Seaton, the resident, declares, 24th of January 1798, " I " am far from approving Surat, or any other native government I have heard of in India; but " I believe the Surat Government, such as it now " is, by far less oppressive than that of Cambay, " Guzerat, nay, even Poonah itself, as people are " daily resorting here to reside with their families, " to be free from the oppressions of those governments."

TRAVENCORE.

With this ally of the Company, in defence of whom the war with Mysore was said to be undertaken, in the year 1790, several treaties have

* Governor Duncan's Minute, 13th August 1799.

subsisted, though it is believed they have not been made public.

Sufficient mention, however, is made of them, on various occasions, from authority, to shew that, in their general tenor, they accord with those negociated with the other powers of India, since the year 1793.

In the budget, 20th of December 1796, it is announced, that a treaty has been concluded with the Rajah of Travencore, which will be productive of future revenue to the Company.

And, on the 12th of January 1805, a new treaty was negociated with this prince: for, in a note to an estimate of the late acquisitions from conquest and subsidy, transmitted from Bengal, 25th July 1805, it is said, "The treaty of the "12th January 1805, provides for the expence of "a regiment of native infantry, to be defrayed by "the Rajah of Travencore; the amount estimated at 29,000 per mensem, will be, per annum, "3,48,000," that is L. 34,800.

MARHATTA STATES,

Including details of our connexion with the Peshwa, the Rajah of Berar, Scindiah, the Guickwar, and a variety of small states on the northern frontiers of Hindostan.

The Marhattas have long possessed the most extensive territories, and the various states, when combined, have been considered as the most formidable power in India.

The Marhatta empire was originally a monarchy, over which the Rajah of Sattarah presided.

In the time of Sahogee, who concluded a reign of fifty years in the year 1740, the empire of that powerful Prince extended from the western sea to Orissa, and from Agra to the Carnatic, forming a tract nearly one thousand miles long, by seven hundred miles wide, and including some of the most fertile provinces of the peninsula of India.

Age and infirmity during the latter part of this Prince's reign rendering him incapable of conducting business, the management of the state was left exclusively to his ministers; and this arrangement of the Marhatta Government was confirmed by the imbecility of the Ram Rajah his successor, under whose reign the Peshwa (or chief civil minister) assumed the complete controul over the Government at Sattarah, whilst the commander in chief, Ragojee Bhomslah, a relation of the Rajah, and ancestor of the Rajahs of Berar, secured the dominion of the district so called, which he then held in Jaghire.

This violent partition of the dominions of the Rajahs of Sattarah, encouraged other usurpations, so that the Marhatta empire fell under the dominion of a confederacy of chiefs, of whom the most powerful were the Peshwa, the Rajah of Berar, Scindiah, Holkar, and the Guickwar.

In the families of these chiefs the dominion of the separate districts they had seized became hereditary. Still, however, the Rajah of Sattarah and his descendants remained, with the outward appearance of the possession of power, in the custody of the Peshwas, who kept them in a state

of splendid confinement in the palace of the Rajah.

At first the Peshwas conducted the business of the empire in the name of the Rajahs, their royal prisoners. Ultimately, however, they claimed as their own, the right of exclusively regulating the transactions of the Marhatta Empire with foreign states.

To this claim the policy of the English government for a length of time gave countenance; and by the Company the Peshwa was considered as exclusively invested, under the existing constitution of the Marhatta states, with the power of conducting negociations, forming treaties, and regulating the connexion with foreign powers.

Under this impression, the treaty of Salbey, by which our relation with the Marhattas was regulated, when the charge of India was conveyed to the Board of Controul, had been concluded; for it contained provisions in favour of the Guickwar, and other states, though it was executed by the Peshwa, and guaranteed by Scindiah, in whose camp, and with whose assistance it was negociated *.

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* See Treaty of Salbey, Marten's Treaties, Vol. ii. p. 201.

The conduct of Lord Cornwallis proceeded on the same system of policy, when, previous to the war with Tippoo Sultaun, he, on the 5th of February 1790, contracted an offensive and defensive treaty of alliance with the Peshwa and the Nizam*, under which the Peshwa acquired one third of the territories ceded by the Mysore chief in his treaty of peace with the allies, March 1792†.

Such also was the policy of the Company in 1799. For, on the authority of the then Governor-General of India, we learn, that before the war with Tippoo commenced, it was an object of anxious solicitude to strengthen and improve the alliance with the Peshwa; but that he, in a state of degrading subjection to the power of Scindiah, endeavoured even to evade the obligation of the triple alliance, and that, though he ultimately was induced to profess a cordial disposition to co-operate, he in reality maintained a correspondence with Tippoo Sultaun, as appeared from the records at Seringapatam‡.

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* Marten's Treaties, Vol. vi. p. 257.

† Marten's Treaties, Vol. v. p. 83.

‡ See Governor-General's instructions to the Resident at Poona, dated 23d June 1802. Papers on the Marhatta

Notwithstanding this unprincipled conduct, the proposition for the conclusion of defensive and subsidiary engagements was renewed at the close of the war in 1799, under circumstances peculiarly advantageous to the Peshwa, when, after a vexatious and illusory discussion, during a period of several months, the conditions were rejected, in a manner that afforded the strongest reason to believe, that he never seriously intended to enter into any engagements of the kind.

In the month of April 1800, overtures of the same nature were again made; and the negociation that ensued, which terminated unsuccessfully in September 1800, sufficiently proved, that his councils were still guided by the spirit that characterized the former discussions.

The inference, at the time, drawn by our government in India was, that, till irresistibly compelled by the exigencies of affairs, the Peshwa never would be induced to enter into any engagements, which could afford to the British government the means of acquiring an ascendancy in the Marhatta Empire*.

War, printed by order of the House of Commons, June 5th 1804, page 33.

* Ibid.

This conduct on the part of the government at Poona, whilst it released us from all obligations to the Peshwa, under the triple alliance concluded by Lord Cornwallis, left us perhaps in the situation the most desirable relative to the Marhatta states.

We had in India acquired an extent of dominion, far greater than we could ever have attained, if the conduct of the Company's affairs had been regulated on the principles the Legislature had declared to be consistent with the wish, the honour, and the policy of the British nation.

We had extended our territories, by assuming the Carnatic, and the greater part of the dominions of the Vizier. By conquest in the years 1792 and 1799, and by cession from the Nizam in the year 1800, we had acquired most of the territory, and possessed the entire resources of the formidable empire of Mysore, whose power had formed the apology for our first dereliction of the principles laid down by Parliament.

Except the Marhattas, there was not in the East a state whose existence did not depend on our mercy.

In attaining this situation of power and pre-eminence, we had, however, unfortunately con-

tracted a debt, which, when estimated only at fourteen millions, was declared (by those supposed to be conversant in the affairs of the Company), to be the only formidable enemy to our Indian prosperity that could rationally be dreaded *.

For our contest with this enemy, which the injunctions of the Legislature, as well as every motive of duty and interest, ought to have made the ruling object of the Company's pursuit, nothing could be more favourable than the situation of the Marhatta states.

The weakness of the Peshwa, the distressed situation of the Guickwar government, the feuds between Scindiah and the Holkars, presented that empire to our view, in a state much more calculated to produce, by internal commotion, the destruction of its own resources, than to impair the power or injure the means of its neighbours.

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* Extract of Mr Dundas's letter to the Directors, 30th of June 1801.

" I will not trespass longer on your patience. After the " most mature consideration I can give the subject, in all its " bearings and relations, I have a deep-rooted conviction, " that your Indian debt is the only formidable enemy your " Indian prosperity has to encounter. Subdue it, and you " have subdued every thing that ought rationally to be " dreaded."

'Independent of the respect and obedience due to the principles sanctioned, and the conduct prescribed by the Legislature, nothing could be so clear as that sound policy, in the situation of the Company's affairs, forbid all interference in the internal arrangements of the Marhatta states. Indeed no inclination to a contrary line of conduct could have been harboured, but by minds in which ambitious views of extension of dominion, and love of conquest, had eradicated every remnant of prudence.

Unfortunately, however, the restless policy of the Indian governments, still anxious to extend our territories, and increase our alliances, embarked in schemes, which this country will long have reason to regret.

It is immaterial whether this proceeded from the ambitious views of those who presided abroad, or from their desire to fulfil the wish of the government at home, which, though perhaps nowhere clearly expressed, was inferred, from the Secret Committee at the India House * having strongly approved of the treaty of guarantee, and

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* This is the channel through which the Board of Controul corresponds with the government of India.

subsidiary alliance with the Nizam in 1798, whilst they commented upon the terms, without conveying any disapprobation of the measure of extending the system to the Court of Poona*, though the supposed policy of all these measures had been repeatedly explained to the government at home.

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* Extract of a dispatch to the Secret Committee, dated 25th September 1803.

"Your Honourable Committee on various occasions has "intimated to the Governor-General in Council your "concurrence in the principles of that policy; and in the "22d paragraph of your Honourable Committee's dispatch "of the 10th of September 1800, your Honourable Com-"mittee expressed your approbation of the basis of the "proposed arrangements with the state of Poona. Your "Honourable Committee, on that occasion, signified to the "Governor-General in Council, your opinion that, with "a view to secure the important objects of those arrange-"ments, the subsidiary force stationed at Poona should "not be less than 6,000 regular infantry, with the usual "proportion of artillery."

Extract of a dispatch to the Court of Directors, 21st December 1803.

"An improvement of the alliance between the Company "and the Peshwa, founded on the general principles of "the treaty concluded at Bassein on the 31st December "1802, had been the uniform object of assiduous nego-"ciation between your Government-General and the Court

Certain it is, that if both motives had concurred, greater activity could not have been display-

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"of Poona, with the knowledge and approbation of your "Secret Committee, from the time of the discovery of "Tippoo Sultaun's hostile designs, in the year 1798, to the "day on which the Treaty of Bassein was signed. From "the year 1798, to the year 1800, the propositions offered "to the Peshwa, were framed upon the principles of the "subsidiary treaty, concluded with the Nizam in the year "1798, and in the year 1800. A treaty was proposed to "the Peshwa on an enlarged scale of defensive alliance "and guarantee, in exact conformity to the treaty ac-"tually concluded in 1800 with the Nizam."

"The principles which constitute the basis of the treaty "of Bassein, had therefore received the approbation of "your Secret Committee previously to the conclusion of "that treaty. The treaty of Bassein contains no stipula-"tion in any material degree different from that proposed "to the Peshwa in the year 1800, of which copies were "transmitted to your Secret Committee at that time; and "the treaty of Bassein was also transmitted to your Secret "Committee by the earliest opportunity which offered, "subsequently to its conclusion.

"The justice and policy of the treaty of Bassein ap-"pearing to be unexceptionable, and having received the "previous approbation of your Honourable Court, and of "his Majesty's ministers through your Secret Committee, "the same principles of justice and policy authorized and

ed in involving us in a situation of all others the least likely to reduce that debt, so emphatically described as the only formidable enemy to the British interests in India.

Our efforts were now no longer confined to a renewal of the attempts, in which we had been so often foiled, of extending the system of guarantee and subsidiary alliance to the Peshwa. The policy of considering him as the organ through which all negociation with the Marhatta empire must be conducted, was abandoned; for, in the year 1802, whilst the government of Bombay was employed in negociating a subsidiary alliance with the Guickwar family, the Residents with Scindiah and the Peshwa were severally instructed to engage in similar attempts with these Courts.

With the Guickwar, an arrangement was speedily concluded. Pecuniary aid, and a British subsidiary force, afforded so certain a means of relieving the immediate distresses of that go-

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"required your governments in India to maintain the alli-"ance connected with the Peshwa, by the treaty of Bassein, "against the attempt of any power to dissolve that en-"gagement."

vernment, and of intimidating its enemies, that the presidency of Bombay could have had no great difficulty in effecting their object.

But this unprecedented interference with a separate branch of the Marhatta empire, whilst by Scindiah it must have been regarded as an infraction of the eighth article of the treaty of Salbey, of which he was guarantee, was openly commented upon by the Berar Vakeels, at the Peshwa's court, and could not fail to excite jealousy of our interference, in the minds of all concerned in the management of the other Marhatta States *.

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* On the 11th of April 1802, Colonel Close, the resident at Poona, conveyed to the Governor-General the following intelligence: "Cashee Rao has lately written to "the Peshwa, inclosing copies of letters which he had "recently received from Dowlah Rao Scindia, and Ju-"doo Rao Bhashur, proposing terms of peace, which "the Holkars are urged to accept, on the grounds of jus-"tice and candour, and because the British power has "now become so formidable, that there can now be no "safety to the Marhatta interests, unless union shall be "established between the different members of the state.

At Poona, our renewed attempts to prevail on the Peshwa to accede to a subsidary treaty, were

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" My information further states, that when the above " points were under discussion, the Berar Vakeels took " occasion to insist, with great earnestness, on the neces- " sity of a general union being immediately established in " the Marhatta empire, indispensible to its security and " prosperity; and that, after the meeting broke up, the " Vakeel retired, with Gopaul Rao, to another part of " his Highness's dwelling, where, continuing in the same " strain, they enlarged on the great power of the British " empire in India, adverted particularly, and in very illi- " beral terms, to the late conquest of Mysore, the esta- " blishment of the subsidiary force at Hydrabad, and the " transactions that have lately taken place in the Doab, " in relation to the Nawaub of Oude, and then taking a " survey of the weak and decayed state of the Peshwa's " government, and the mistaken tenor of his councils, " required to be informed on what possible ground of " propriety his Highness could have been induced silent- " ly to permit the British government to make itself " master of the district of Chourapy, which, having " been held by a subordinate branch of the Marhatta " state, could be alienated only by the government to " which it owed allegiance and homage, namely, the go- " vernment of Poona: that to such interference and se- " parate mode of negociation, the British government

received with the same undecided, evasive, cold expressions of respect, which had characterized the conduct of that court on the occasion of our former negociations.

At last, however, the struggles between Scindiah and the Holkars broke out into open warfare; and the approach of the army commanded by Jeswunt Rao Holkar to Poona, rendered the situation of the Peshwa most precarious.

"could derive no right from the treaty of Salbey, which "went only to secure the Guickwar family in its old possessions, and from the pressure of an increased Nuzzurvach, that, unless the Peshwa should immediately assert his rights, in respect to the Guickwar possessions, "and thus remove the British interference, there could "be no safety for the Marhatta empire, and that, consequently, should his Highness be neglectful of this principle, he might abandon all hope that the government of "Berar would bear any concern in his views, or proceed "in harmony with his measures: that it was the sincere "desire of the Berar government to unite the Marhatta "empire for its security, that, on this principle, it has "abstained from taking any part in the differences between Scindiah and the Holkars, more than might tend "to terminate them."

Under these circumstances, on the 11th October 1802, he sent to the Resident a paper, which, whilst it apparently expressed a desire to assent to the measure of subsidizing a British force, displayed a serious dread that he would be under the necessity of retiring for protection to the British territories *. Even at this stage of the negociation, however, strong symptoms of insincerity were manifested; neither was it till after the defeat of his army, combined with that of Scindiah's, that he finally gave his consent to the measure proposed.

The two armies engaged on the morning of the 25th of October 1802. In the course of the same day the Peshwa marched with the troops he could collect towards our territories; and it was at the moment of his departure that he gave, for the first time, a formal declaration of his desire to engage in a defensive alliance, and to retain a

* See the subsidiary propositions stated in the Governor-General's letters to the Secret Committee, dated 24th December 1802, to have been delivered by the Peshwa's principal minister to the British resident. Papers relative to the Marhatta war, printed by the House of Commons in 1804, page 63.

British subsidiary force, for which he was willing to cede to the Company territory, producing an annual revenue of twenty-five lacks of rupees *.

It is impossible, within any moderate limits, to give a detail of the correspondence that now took place betwixt the Bombay government, the Resident at Poona and the Peshwa, which ended in his embarking at Severndroog for Bassein, on the 1st December 1802.

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* Preliminary proposition from the Peshwa; 25th October 1802.

Here is placed the Peshwa's Sicca.

Instrument:

In order that the English may essentially assist and support the Sircar of the Peshwa, and defend his person, the Peshwa hereby subsidizes, from the English aforesaid, a corps of British troops, consisting of six native battalions, with their proportion of artillery; and his said Highness, for the purpose of subsisting and bearing the charge of the said corps, doth hereby cede to the English, forts and territories yielding an annual revenue of twenty-five lacks of rupees, to be furnished in part from the province of Guzerat, and part from the Carnatic, or the whole from either of those quarters.

Given under the Seal of the Peshwa, &c. 25th of October 1802.

Here is placed the Peshwa's Signet.

From a perusal of the records of that government, it appears that, even in the state of calamity to which he was then reduced, there was reason to doubt the sincerity of the Peshwa in adhering to engagements he had thus contracted at the moment of his flight; and that the Governor and Council of that presidency, doubtful of the line of conduct the Governor-General would, under such extraordinary circumstances, approve, availed themselves of the advice of Major Malcolm, his private and confidential secretary, who happened at the time to be at Bombay.

By him they were referred to Colonel Close, the resident at Poona, as the person the most fully informed of the sentiments of the Bengal government; at the same time Major Malcolm hesitated not to pronounce, that, even in the present state of the Peshwa's affairs, the original causes which led Lord Wellesley to seek his alliance, existed in as full force as they had done at any period since the commencement of these negociations *.

* See Major Malcolm's letter to the Government of Bombay, dated Bombay, 5th November 1802.

An opinion which was explained and elucidated by Colonel Close's declaring, that, "under "the political views entertained by his Excellency (the Governor-General), it was desirable "*that we should have a plea, or rather a right* "*to interfere in the Marhatta dissensions in the* "*Dekan**;" and these sentiments subsequently met with complete approbation from the Bengal government†.

Of the consequences of our forming a subsidiary alliance with the Peshwa, in the state to which he was then reduced, there could be no

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* See Colonel Close's Letter to the Governor and Council of Bombay, of date December 9th 1802. House of Commons' Papers on the Marhatta War, printed 1804.

† Extract from the postcript to the Governor-General's instructions to the Resident at Poona, dated 2d December 1802: Papers on the Marhatta War, 1804, p. 67.

"His Excellency has perused a copy of the private letter which Major Malcolm addressed to Mr Duncan on the 5th ultimo, and which you have referred to in your letter to Mr Duncan of the 9th ultimo, and entirely approves the sentiments expressed by Major Malcolm, under the uncertainty which at that time existed with respect to the determination of the Governor-General, on the question of supporting the cause of the Peshwa in the present embarrassed crisis of affairs."

doubt. The well-known dislike of the Marhatta states to any interference in their internal arrangements; the murmurs to which our recent treaty with the Guickwar had given rise; the knowledge of the wishes the Rajah of Berar had so distinctly expressed*; and the evident certainty that Scindia and Holkar, (solely contending for the power of exclusively directing the constitutional authority vested in the Peshwa,) would unite to prevent the common object of their wishes from being forever withdrawn from their grasp; made it impossible to suppose that the Peshwa could be reinstated by a foreign power, and permitted permanently to introduce a controlling foreign force, for the support of his authority, without a general combination of the Marhatta chiefs, to prevent a measure that substantially transferred the great resources and constitutional authority of the head of their empire, to a government which, by the recent transactions in the Mysore, Oude, and the Carnatic, had made it impossible to say whether its friendship or its hostility was the surest prelude to the destruction of all existing authorities.

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* See note, page 92.

But the execution of a formal treaty was the sure means of securing the envied right of interfering in the Marhatta dissensions in the Deccan. It presented to our view the certainty of extending to the Court of Poona that subsidiary and defensive system, (as it was called) the foundation of which had been laid by the subsidiary treaty with the Nizam in 1798. Nay, it even afforded a prospect of further subsidiary engagements, and an opportunity of still greater extension of territory.

In the Carnatic, a suspicion of the deceased Nabob having secretly corresponded with the Regent of Mysore, had recently furnished us with a pretence for assuming the government of the territory of Arcot, by setting aside the innocent heir of our oldest ally, who was left in the power and the custody of the pliant and subservient usurper we had engaged to support.

The records of Seringapatam had not only proved the guilt of the Peshwa*, of what the ancestors of the deposed Prince were suspected,

* See the statement made of the Peshwa's conduct, in the Governor-General's instructions to the Resident at Poona, dated 23d June 1802. House of Commons, Marhatta papers, 1804.

but his refusal to accept a proffered share of our conquest from the Mysore territory, had substantiated his inveterate hostility to our interests. Fortunately for him, however, the same ambitious views, which required the destruction of the innocent young prince, were to be forwarded by his restoration to that situation of pre-eminence in the Marhatta empire, from which he had been recently expelled.

But the disgrace of such glaring inconsistency, had no more effect than the dread of the dangers which obviously attended the measure, in creating even a momentary hesitation in the resolution of the Bengal government, to secure the object at which it had so long aimed. They instantly determined to consider the offer made by the Peshwa, in the moment of his abdication, as a treaty. As such, it was ratified on the day in which it was received; and the Resident was immediately instructed, to conclude a formal and definitive treaty with his Highness the Peshwa, and to inform him, that every effort of the British power would be employed for the restoration of his just authority *.

* See paragraph 40, Governor-General's Letter to the Secret Committee of Directors, 24th December 1802. House of Commons, Marhatta papers, printed 1804.

In the situation in which his Highness was placed, attended with a few followers, and surrounded by the Company's troops, it cannot be supposed that the negociation was pregnant with many difficulties. A treaty was immediately framed by that able and active officer, Colonel Close, which almost without variation was formally executed, on the 31st December 1802 †.

By the Marhattas, the nature of our engagement with the Peshwa must have been in a degree foreseen. For the knowledge of the actual completion and signature of a treaty could hardly have reached Poona *, before the intelligence

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† See the draft of the treaty, with the alterations, House of Commons' papers, 1804, page 400. By this treaty, the Peshwa agreed to receive into his country a British subsidiary force of 6000 men, for the payment of which he assigned territory, in the western part of India, of the annual value of L. 260,000. In 1803, an addition of one regiment of native cavalry was made to this subsidiary force, and the territory was exchanged for a tract in Bundlecund, producing a revenue of upwards of L.360,000 a-year.

* Translation of a paper of intelligence, Poona, 3d January 1803 :

from thence plainly announced that it was likely to produce that union and co-operation amongst

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" Yesterday, Jeswunt Rao Holkar, attended by Meer " Khan and Gunput Rao Dewan, visited Emrut Rao. They " sent for Baba Phurkia, and Muraba Chitnavees. Having " conversed for some time on the necessity of raising cash, " the two latter persons retired with Holkar and Emrut " Rao, to hold a conference. Holkar said he had received " accounts from Bombay, that Baagy Rao had deputed " Ragonaut Rao to Colonel Close at that presidency, and " that his Highness had agreed to cede to the Honourable " Company, the Soubah of Bassein and Guzerat; that, on " their part they promised to furnish him with ten batta- " lions, and as much money as he might require; that this " arrangement had been submitted to his Excellency, the " Governor-General, that an answer had been received, and " that, in consequence, some money had been advanced to " the Peshwa, and two battalions sent to Bassein. Emrut " Rao observed, that he had also received the same intelli- " gence, and that Baagy Rao would certainly return to Poo- " na under the protection of the British troops. Holkar " replied, Baagy Rao has destroyed the Marhatta power. " He has taken money from the English, and given them " territory. In due time they will seize the whole, as they " have done in Mysore. What do you say to this? We " must write to Scindiah, to ascertain whether he has done " all this with his consent. Do you think this is the case?

the contending chiefs, which, in their instructions to the Resident, the Bengal government had in a manner anticipated *.

Indeed, on contemplating the communications that took place with the different Marhatta Durbars, it evidently appears, from the moment of the signing of the treaty of Bassein, that abstinence from hostilities was nowise to be attributed to the desire of either party to accommodate their supposed differences; but that, on the part of the Marhattas, as well as on that of the Company and its allies, it was clearly the effect of a desire to be more completely prepared for the eventful scenes that were about to ensue.

In this interval, the British army, in conjunction with the subsidiary force of the Nizam, was allowed, without molestation, to advance in-

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"You (Emrut Rao) must write one letter, and I will dispatch another, reporting what has passed, and saying, should the English, uniting with Baagy Rao ascend, Scindiah and I should accommodate our differences, and jointly oppose the British troops. This was agreed to, and they returned to the public Durbar."

* See instructions to Colonel Close, dated 29th November 1802.

to the Marhatta territory. Holkar retired, as the army under the command of Sir Arthur Wellesley advanced to take possession of Poona, where the Peshwa, in the beginning of May 1803, was reinstated, under the auspices of the Company.

It seems as unnecessary to enter into the consideration of the immediate causes of a war * that appeared inevitable after the execution of the treaty of Bassein, as it is impossible to go into the details of what passed during the two ensuing years, which involve the history of hostilities, unprecedented in the annals of British India, for expenditure of men and of money.

The extended scale of objects we are said to have had in view, sufficiently indicate how tho-

* The immediate cause of the war was stated to be the hesitation of the Marhatta chieftains, Scindiah, and the Rajah of Berar, to separate and withdraw their troops to their usual stations, when required to do so by Sir Arthur Wellesley, after his arrival at Poona. It is to be observed, that this requisition was made from the capital of the Marhatta empire, by a British General, at the head of a British army, to these chiefs, whose armies, at the time, were acknowledged to be within that portion of the Marhatta empire over which they exclusively presided.

roughly we had forgot, that conquest and extension of dominion in India were measures repugnant to the wish, the honour, and policy of this nation; for, at the commencement of the war, our plans were stated to aim at the following extensive detail of arrangements *:

1st, The entire reduction of Monsieur Perron's corps serving under Scindiah †.

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* See Notes by Lord Wellesley, relative to the peace concluded with the Marhatta Chieftains.

† The existence of this French officer in the service of Scindia, holding the command which he possessed, was represented as a circumstance big with danger to the safety of the British Empre in India; more particularly, as he was supposed to have manifested a systematic disposition to remove all Englishmen from Scindiah's service.

The following considerations, however, render it impossible not to believe that this danger was much exaggerated:

1st, Monsieur Perron, and Monsieur du Boigue before him, had held the same situation for a great length of time, a circumstance that had appeared to Lord Cornwallis, and that in fact had proved, nowise detrimental.

2d, Monsieur Perron had amassed a large fortune, great part of which was in the Company's power; and he is said,

2d, The annexation to the British dominions of the whole territory within the Doab of the Jumna and Ganges, in the possession of Monsieur Perron, thereby rendering the River Jumna the north western frontier of our dominion in that quarter.

3d, The occupation of Delhi and Agra, and of a chain of posts on the western and southern banks of the Jumna, sufficient to secure the possession of both banks of that river.

4th, The permanent exclusion of the Marhattas from the north-west of Hindostan.

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in Lord Wellesley's instructions to Lord Lake, to have shewn, before the commencement of hostilities, an anxious desire to dispose of his command, and to retire to Europe, which he afterwards took an early opportunity of doing.

3d, So far from having systematically removed all British officers from around him, it appeared, when he deserte from Scindiah's service, that his confidential secretary was an Englishman.

4th, We have the authority of Mr Grant, the Chairman of the East India Company (in his speech in the House of Commons, April 5th 1805), for saying, that a few French officers amongst the natives, a thousand miles from the coast, were not dangerous.

5th, The establishment of a system of defensive alliances with states of Hindostan, the local position of whose territories might form a barrier between the possession of the Company and the Marhattas, and secure the exclusion of the authority and influence of Scindiah from the north-western division of Hindostan.

6th, The protection of the person and nominal authority of his Majesty Shah Aulum.

7th, The occupation of the sea port of Baroach, and of the territory annexed to it, together with the reduction of Scindiah's general power in Guzerat.

8th, The cession of Scindiah's territory intermixed with those of our allies, the Soubahdar of the Dekan, and the Peshwa; and generally the reduction of Scindiah's military and territorial resources, within the limits necessary for the purposes of our security, and of the safety and tranquillity of our allies.

9th, The occupation of the province of Cuttack, and the cession of all the Rajah of Berar's possessions intermixed with those of the Soubahdar of the Dekan; and the general reduction of the Rajah of Berar's influence and power, within

the bounds requisite for the same just and legitimate purposes.

Neither is it solely the nature and extent of these, the objects of the war, which renders it impossible not to infer a systematic neglect of the injunctions of the Legislature in those, whether abroad or at home, with whom these measures originated; for the following instructions, given to the commander of our armies before the commencement of hostilities, still more distinctly shew a contempt for that character for inviolable moderation, so strongly recommended in the resolutions of Parliament.

"In the event of hostilities, you will proceed "to the utmost extremity which may appear to "you to promise success, without admitting pa-"cific negociation, till the power of the opposing "chief shall have been completely destroyed. In "such case, the actual seizure of the person of "Scindiah, of Ragogee Bhomslah, would be high-"ly desirable, and the state of the rivers may per-"haps favour such an advantage."

In seizing the persons of those chiefs, we certainly did not succeed; but in effecting the other objects proposed to be attained by the war, we

were undoubtedly most fortunate. There appeared hardly any bounds to the territory we acquired, or to the number of alliances we formed. By cession, or by conquest, we acquired Rohilcund and the Doab; on the east coast of the peninsula, we united our possessions in Bengal with the northern Circars, by the acquisition of Cuttack. On the west, our territory was increased by the conquest of Baroach, and its dependencies, as well as by cessions from the Guickwar, whilst our dominions in the upper parts of India were extended far beyond the banks of the Jumna.

We formed defensive alliances with the Rajah of Jeypoor, or Jyenagur, with the Rajah of Bhurtpoor or Bhurrutpore *, and with the Rajah of Macherry †; our system of guarantee, and defen-

* During a short interlude of hostilities with this petty chief, whose existence was so little known, that he is not mentioned in Reynell's analysis of the map of India, we lost, in killed and wounded, within a month, in an unsuccessful attempt to capture one of his forts, upwards of twelve hundred Europeans.

† The Rajah of Macherry, with whom we entered into an alliance, agreeing that his friends and enemies should be

sive subsidiary alliance, was extended to the Rana of Gohud, and to the Rajah Umbagee, Rao Englah, tributaries and dependants of Scindiah.

We had negociations with the Rajah of Odeypoor, and the Rajah of Jodepoor *; and our engagements extended to many of the tributaries and dependants of the Rajah of Berar †.

In short, we acquired territory and allies to such an extent, that, when Lord Cornwallis ar-

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considered as our friends and enemies, is said, by Reynell, to have acquired a considerable part of the Mewat. His capital is Alwar or Alvar. Of this country, Reynell says, "at the present time Mewat is so famous a nursery for "thieves and robbers, that parties of Mewatti are taken "into pay by the Chiefs of Upper Hindostan, for the pur- "pose of distressing the countries that are made the seat "of warfare."

* A treaty was actually concluded with this Prince, who subsequently refused to ratify it. Nevertheless, his name was given in to Scindiah as one of the Rajahs and feudatories included under the 9th article. This was stated as one of Scindiah's grounds of complaint, and explained by our government to have been a mistake. See Governor-General's Letter to Scindia, dated 14th April 1805.

† See 10th Article of the Treaty of Deogaum.

rived in India, in 1805, it appeared, to his discernment, on duly considering the interests of the Company and the empire, that the only wise use to which he could apply a great proportion of the former, was to purchase exemption from the stipulations and obligations to which, by the latter, we were subjected *. With the bellige-

* The following are extracts from Lord Cornwallis's Letter to Lord Lake, 19th September 1805:

Par. 2. " Your Lordship will have inferred, from the " general tenor of my letters to your address, and of the " instructions issued under my authority to Lieutenant-" Colonel Malcolm, that I am desirous of abandoning all " concern in the territories on the west of the Jumna, " with the exception of Bundlecund, and of such portion " of land as it may appear necessary to retain in the vici-" nity of Agra, for purposes connected with the posses-" sion of that fortress, and to render the River Jumna " the frontier of the Company's dominions to the north-" ward of Bundlecund. Your Lordship has also been " apprized of my anxiety to abandon the alliances at pre-" sent subsisting with the Rajahs of Jeynegur, Bhurt-" pore, and Macherry, and with the Rana of Gohud. " It is foreign to the immediate subject of this dispatch, " to enter into a discussion of the general principles of " policy in which these sentiments and resolutions origi-

rents who were opposed to us, after acquiring, at an irreparable loss of men, and by an expendi-

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" nate. Your Lordship will have traced the nature of
" those principles, in the various communications which I
" have had occasion to make to you, or which have been
" made to your Lordship by my special authority."

Again, par. 15. " Agreeable to the intimation con-
" tained in the 7th paragraph of this dispatch, I now
" proceed to state to your Lordship the plan which oc-
" curs to me for the disposal of the territory to the
" westward and southward of Delhi, without assigning
" any portion of it to Dowlut Row Scindia."

Par. 16. " The plan which I propose is, to assign
" from it Jaghires to the several chiefs who have joined
" our cause, and for whom, with the irregular troops
" under their command, we are bound to provide, and
" to divide the remainder between the Rajahs of Macher-
" ry and Bhurtpoor, those chieftains consenting to relin-
" quish their alliance with the British government."

Par. 17. " It appears to me, that those chieftains must
" be interested in excluding the Marhattas, and that their
" territories, thus extended, would constitute the desirable
" barrier between the possessions of Scindia in Hindostan,
" and our possessions in the Douab, provided they should
" be able to resist the power of Scindia.—It appears to me
" to be probable, that, in the reduced condition of Scindia's
" military force, those chieftains would be able to maintain
" their possessions and their independence against his utmost

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ture of money, which, it is to be dreaded, has made our only formidable enemy invincible, all

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" efforts, especially if aided by the Jaghiredars, who would " of course be interested in opposing him; but even the " probability of Scindia's ultimate success, would not, in " my opinion, constitute a sufficient objection to the pro- " posed arrangement; being satisfied of the expediency " even of admitting into the territories in question the " power of Dowlut Row Scindia, rather than that we " should preserve any controul over or connexion with " them. But Scindia's endeavours to wrest those territo- " ries from the hand of the Rajahs of Macherry and Bhurt- " poor, may be expected to lay the foundation of intermi- " nable contests, which will afford ample and permanent " employment to Scindia; and, under any circumstances, " I cannot admit the apprehension of any hostile attempt " on the part of Scindia against the British possessions in " the Douab; still less should I deem it probable, in the " event of his rendering the chiefs of Macherry and Bhurt- " poor his perpetual enemies, which must be the conse- " quence of his endeavours to deprive them of a portion " of their dominions."

Par. 18. " In dividing the territories in question, be- " tween the chiefs of Macherry and Bhurtpoor, it will be " proper, on principles of distributive justice, to assign " much the largest proportion to the former.

Par. 19. " The arrangements with the Rajah of Bhurt- " poor, including the restoration of the fortress of Deig, " may probably afford the means of obtaining an earlier

the fame and eclat which, acting against such enemies, our arms could secure; negociations took place. Peace was made with the Rajah of Berar at Deogaum, on the 17th of December 1803. With Scindia, a treaty was concluded at Surge Angengaum, on the 30th of the same month; and, on the 27th of February following, a subsidiary treaty of alliance with this Prince was

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"payment of the whole or a part of the contribution due "by that chieftain to the British government. It may, "however, be a question, whether it would not be both "just and expedient, under the abrogation of the subsist-"ing treaty, to compromise that demand."

Par. 20. "With regard to the chieftains, for whom we "propose to provide by Jaghires in the country on the "west of the Jumna, I am anxious, on the general prin-"ciple of withdrawing from all connexion with that coun-"try, (with the exception before stated,) to avoid any "engagement which will impose upon us the obligation to "protect them. It is my wish, if possible, that they should "be placed in a condition entirely independent of us."

"It may, perhaps, be found practicable to render them "dependent upon the states of Macherry and Bhurtpoor; "*but I shall deem any arrangement with regard to them* "*preferable to one which should render them dependent* "*upon our protection.*"

arranged at Boorhampoer. Finally, partition treaties, distributing the territory that had been acquired, were severally concluded on the 28th of April and 14th of May 1804, with the Soubahdar of the Dekan and the Peshwa.

So far, however, from effecting a general peace, these treaties hardly produced a cessation of hostilities. The war with Holkar continued; and our newly acquired friends cannot be acquitted of having, in some degree, co-operated with our enemy. Our expences and our armies daily increased *, and peace cannot be said to have

* The practice of taking into our service any chief with his followers who chose to desert from the enemy during this war, led to an unbounded increase of our expence, and a most useless augmentation of our military establishment. Of the irregular force so obtained, Lord Cornwallis gave, on his arrival in India, the following account:

" The most burthensome, and at the same time the least " useful part of the existing military expences, arises from " very numerous bodies of irregular troops, which I find " have been entertained, some of them under implied specific " engagements, that will render the immediate dismissal of " them a measure of some difficulty; but by far the greatest " proportion of them under no other obligation than that of " expediency, and these we are at liberty of course to dis-

been restored till 1805, when a treaty was concluded with Holkar, by Lord Lake, and with Scindia, by Sir G. H. Barlow. By the former, Holkar was reinstated in the greatest part of his ancient territory. By the latter, the river Chumbul is established as the northern boundary of Scindia's dominions; and we renounce all interference with the petty states, formerly tributary to him, on the western bank of the Jumna *.

" charge, whenever that expediency shall, in the opinion " of your government, no longer exist.

" I am aware that it may be urged, that the dismission of " any great number of these troops may be attended with " the consequence of their taking service with our enemies; " but weighing the probability of that circumstance in its " utmost extent, and considering that, at this period, your " regular troops are little short of five months, and many " of the public departments, on which any movement of our " armies depend, still more in arrear, and that this description of irregular troops are a drain upon your treasury " of near six lacks of rupees per month, I see no possible " means of keeping your regular army properly paid and " equipped, and of retaining at the same time in pay so expensive an establishment, *which would certainly be less " formidable if opposed to us in the field, than while they " remain so distressing a drain upon our resources.*"

* It is believed that these treaties have not yet been published.

It is impossible to give any accurate estimate of the value of the Company's acquisitions resulting from this complicated scene of warfare. From an account transmitted to the Directors by the Bengal government, July 22d 1805, we learn, that the balance arising from revenue or subsidy, recently acquired by conquest or by cession, after deducting pensions, jaghires, and the sum necessary for the support of the civil and military establishment, amounted only to the inconsiderable sum of L. 34,487; and it is to be remarked, that there is included in this account, a sum arising from the additional subsidy imposed on our ally, the Rajah of Travencore, larger than the balance; besides which, it takes credit for receipts from territories since ceded.

In looking back to those details of our connexion with the native powers of India, it is a matter of surprise, that there should not exist a single case, whether marked by our friendship or hostility, in which our intercourse has not terminated either in acquisitions of tribute or of territory.

If a departure from the principles sanctioned and prescribed by the legislature had taken place

only partially, and in singular instances, it might have been attributed to wise views of expediency, suggested by the ambition of those with whom we interfered, or to a feeling of just indignation, roused by provocation we had received. But, without again reverting to the specific details of each particular case, it is impossible not to infer, from the generality of our conduct, a powerful bias in the system itself, to frustrate a rigorous adherence to those principles of moderation and liberality, of which parliament has recorded its applause.

Those who have justly reprobated that insulting progression of libels on the oppressed powers of Europe, by which France has vindicated, and continues to vindicate her usurpations on the Continent, cannot countenance and accredit a defence of our conduct in the East, founded on similar accusations against the native princes, and thus give efficacy to reasoning, which from habit they must reprobate and ridicule.

Such, indeed, seems to be the feeling, even of the Court of Directors of the East India Company; for, on taking a general view of their affairs, far from attributing these events, either to

want of good faith in the native powers, or to the ambitious views of those who have guided their counsels, they have formally declared, that " the " territories which we have lately acquired, by " treaty and by conquest, are of so vast and ex- " tensive a nature, and the engagements lately " concluded with several chiefs and Rajahs so " complicated, that we cannot take a view of " our situation, and of the political relations in " which we now stand, towards the various In- " dian powers, without being seriously impres- " sed with the wisdom and necessity of that so- " lemn declaration of the legislature, *that, to " pursue schemes of conquest, and extension of " dominion in India, are measures repugnant " to the wish, the honour, and the policy of the " nation* *."

Certain it is, that no one conversant with the history of British India since the year 1793, can deny the justice of this severe censure, pronoun-

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* See the conclusion of the Letter from the Court of Directors in the Political Department, to the Governor-General in Council, dated 28th November 1804, which the Board of Controul prohibited them from sending to India.

ced by the Directors of the East India Company. But, whatever may have been the intention of those who concurred in it, it is equally certain, that it strikes against the system in which the Directors themselves have been compelled by the Legislature to co-operate, more forcibly than against any of the servants they have employed.

For this departure from the wise injunctions of Parliament, which has at last, on reflection, so justly excited regret in Leadenhall Street, must either have originated from the instructions of the Government at home, or from the disobedience of their servants abroad to the orders they have received.

If the former is the case, the public has to lament, that the management of the Company's affairs was taken out of the hands in which it was vested in the year 1783, and placed in those of the Board of Controul. For, if the calamity originates from their orders, Parliament cannot bestow on them the same tribute of applause given to those of the government that was set aside, by declaring, that they were founded no less in wisdom and policy than in justice and moderation *.

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* See Resolutions, note, p. 15.

If, on the other hand, the latter be the case, we have the melancholy reflection, that this superintending Board of Controul, on whose energy, in enforcing obedience to the orders from home, Parliament founded its hopes, has been uniformly employed in sounding the praises of those whose disobedience it was instituted to check; and that, by so doing, it has connived at a system of violation of orders, productive of debt to an extent which, in former times, with the less efficient machinery for doing mischief, it would have been impossible to have contracted.

II.—*Of the Success of the Arrangements sanctioned by the Act* 1793, *in Increasing the Export of our Manufactures, and the Import of Raw Materials.*

In the year 1793, before the expediency of renewing the charter of the East India Company came under the consideration of Parliament, several interesting reports were made by the Directors, in answer to questions dictated by the anxiety of the Lords of Council, to ascertain the means of increasing the import of raw materials, and the export of our manufactures.

These inquiries originated in the complaints of the manufacturers, who were naturally surprised that, from our possessions in the East, there was less demand for the produce of our industry, than from any other part of the globe to which we had access, of equal extent, and of equal fertility.

Indeed, the great increase of demand which our manufacturers had experienced from almost every other part of the world, when compared

with the inconsiderable augmentation of demand from our settlements in India *, seemed to create a general opinion, that the Company exerted itself rather to discourage, than to promote the commercial intercourse betwixt India and Great Britain ; and this suspicion was not a little strengthened, by the inflated accounts annually given of the prosperity and increasing wealth of the Company's possessions, coupled with the admission, that a clandestine trade, to a very great extent, was carried on betwixt the Continent of Europe and our possessions in India, on a capital

* Average value of goods and stores exported to our Indian settlements in the following years :

From 1767 to 1777	per annum,	L. 371,840.
1777 — 1784	ditto,	364,746.
1784 — 1790	ditto,	357,764.
1790 — 1792	ditto,	415,264.

The greatest proportion of these exports must have been in stores ; for, in the Report of the Committee of Directors on the Export Trade, 1793, we are informed, that woollens and metals, almost exclusively, formed the articles they exported ; and that, of the former, they had sold, on an average of six years, ending 1790, only L. 96,008 annually ; of the latter L. 168,334.

provided by British subjects, resident both abroad and at home *.

That such prosperity, and so great an increase of wealth as was loudly boasted of, should take place, without producing any extension of commercial transactions, appeared to our merchants and manufacturers repugnant to what experience had taught them to regard as the certain consequence of growing opulence; and, as they did not feel the effects of that increase of demand, of which they could not doubt the existence, they were led to suspect, that it had found some other channel, and naturally concluded, that it was absorbed by this foreign commerce, of which the existence was avowed as notorious.

An extinction of the Company's exclusive privilege was the remedy suggested by the manufacturing interest, for this acknowledged evil.

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* Extract from Mr Dundas's Letter to the Directors, dated February 16, 1793.

"The fact is notorious, that a clandestine trade, to a "considerable extent, is certainly carried on between Europe and India, on a capital provided by British subjects, "both in Britain and India."

By them a free, open, and unfettered communication with our Indian territories, was regarded as the sure receipt for bringing to British ports this trade, conducted by British capital, from which they anticipated a great demand for the produce of our industry.

The Company, on the other hand, persisted in stating, that, while such a freedom of communication would be ruinous to them, it would be equally so to those whose rage for adventure might induce them to embark in the trade of India; and that it would ultimately occasion the loss of our possessions in that part of the world, by the unprincipled conduct of the adventurers, who, from the hope of sharing in the profits, would be induced to repair to that country.

This statement they defended, by a repetition of all those stale arguments, to prove the necessity of the trade of India being conducted by a joint stock Company, possessing an exclusive privilege, so often and so completely refuted, both in France and in England.

They dwelt on the impossibility of private adventurers commanding a capital sufficiently large

to conduct a trade where the commodities were so valuable, and the returns so slow *; on the necessity of advances to the manufacturers in India †, which could only be properly regulated by

* The present state of the Company's capital, will probably prevent this observation being repeated.

† The state of the Coloni Partiarii amongst the Romans, and of the Metayers in France, to whom the proprietors furnished seed, cattle, and agricultural implements, has been considered as the most degraded state of agricultural management; and this practice, which has been constantly urged as one of the grounds that makes it necessary to conduct the trade of India by an exclusive Company, seems to indicate a similar depressed state of manufacturing industry. Indeed, it in part originated in the poverty and oppression which our early practices entailed on the natives; for Mr Bolt, in his considerations of India affairs, informs us, that, "In the time of the Mogul government, and even in that of the Nabob Alaverdy "Khawn, the weavers manufactured their goods freely, "and without oppression; and though there is no such "thing at present, it was then a common practice for reputable families of the Tânty, or weaver cast, to employ "their own capitals in manufacturing goods, which they "sold freely, on their own accounts. There is a gentleman now in England, who, in the time of that Nabob, "has purchased, in the Decca province, in one morning,

an establishment of servants at the different aurungs; and, on the effect of competition, in debasing the quality of the commodities brought from the East *, as well as in ruining the trade, by

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" eight hundred pieces of muslin at his own door, as " brought to him by the weavers, of their own accord."

See also Mr Francis's Letter to Lord North, 1777, page 63.

Lord Cornwallis says, in his Letter, 1st November 1788, " The manufacturers shew a great inclination to quit the " Company's employ."

November 1788, Mr Bebb says, " The manufacturers " prefer the employment of the private agent to that " of the Company."

* By the Gentoo Accounts, it appears, that the manufactures in Bengal were formerly incomparably finer than they are at present; so that they must have fallen off under the Company. There was a sort of muslin, called Abrooān, which was manufactured solely for the use of the Emperor's seraglio, a piece of which, costing 400 Rupees, or L. 50 Sterling, is said to have weighed only five Sicca rupees; and, if spread upon wet grass, to have been scarcely visible. They amuse us with two instances of the fineness of this cloth: one, that the Emperor Aurengzebe was angry with his daughter, for shewing her skin through her clothes; whereupon the young princess remonstrated, in her justification, that she had seven jamahs or suits on:

raising the prices in India, and lowering them in Europe.

To all this, they added the strongest assurances, that every possible exertion had been made to promote the sale of British manufactures. But the summary explanation given on the subject of these exertions, must have created doubt in minds impressed with the belief of the flourishing state of India, and habituated to consider increasing commerce as the certain consequence of increasing opulence.

Woollens were stated to be the only article of British manufacture the Company had exported, except what might be included under the appellation of naval and military stores; for metals, in their crude state, could not be considered as manufactures.

With regard to all other commodities, they were described as consisting of cotton, silk, and

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And another, that in the Nabob Alaverdy Khawn's time, a weaver was chastised, and turned out of the city of Decca, for his neglect, in not preventing his cow from eating up a piece of the same sort of muslin, which he had spread, and carelessly left on the grass.

linen, or of earthen ware, and manufactures made of metals. Of these, the first class were represented as unsaleable, either because they were made better and cheaper in the East, or because substitutes, better suited to the climate, were manufactured by the natives. And it was said, that the other class could not be exported to advantage, on account of the heavy freight attending so distant a voyage *.

Suspicions had certainly been entertained of the sincerity of the Company's endeavours to increase its exports; and these, however ill-founded, were not likely to be dispelled by statements, which shewed, that all their exertions had ended in the exportation of no very considerable quantity of woollen cloth, which they persevered in sending to India, though attended with an annual and increasing loss †.

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* See Report of the Committee on the Export Trade, 1793, page 15.

† From the Report on the Export Trade, it appeared, that the net loss on the sale of woollens, ending 1790, amounted to L. 37,790. The loss on what was exported, must have been much greater; for it was stated, that, on the 19th of January 1789, the Government of Fort St

These details are sufficient to shew, that, during the discussion which took place, previous to the renewal of the charter, in the year 1793, the complaints of our manufacturers uniformly flowed from an impression, that the injury they sustained, was exclusively to be attributed to the monopoly the Company enjoyed; and that, by them, the extinction, or, at least, the regulation of the exclusive right, was considered as necessary for their welfare. Why the language held by the Indian Minister, at the time, authorised the conclusion, that he did not materially differ on the nature of the disease, or of the remedy, must be

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George, finding there remained on hand 781 bales of former years, that 354 bales were expected by the ships of the season, and that, after using every means to promote a sale, they could only sell twenty bales, had sent 372 to China.

At Bombay, there were, in December 1789, 1338 bales of cloth, and 343 bales of long ells perishing in the warehouses, whilst the sales did not amount to upwards of 533 bales annually. In this state, they proposed to send a part of these goods to Bengal; but the scheme was abandoned, because the market there was equally unfavourable.—Report, page 13.

accounted for, by supposing, either that he did not understand, or that he was unwilling to unveil the formidable bar, which the system itself had placed to the possibility of extending the sales of our exports, even if the monopoly had been done away.

He is a pitiful statesman, whose genius, constantly exerted in devising palliatives for the complaints of those with the charge of whose interests he is invested, never soars to an attempt at discovering the real source of the evil, or aims at affording permanent and effectual relief, by removing the efficient causes from whence the grounds of their complaints originate.

But he is worse than a pitiful statesman, who, from secret and unavowed motives, conceals the real state of the evil, and flatters the public that relief can be easily administered in a case he knows to be incurable.

Under which of these descriptions of public characters, those immediately concerned in the arrangement of this transaction ought to be classed, it may be difficult to decide. But certain it is, that the measures proposed must have appeared to those who were capable of discerning, or

who really understood the causes from whence the evil originated, at once burthensome and oppressive to the Company, and completely inefficacious as a means of relief.

That monopolies and exclusive privileges are in all cases unnecessary, and even detrimental, has long ago ceased to be seriously disputed. The interested views of individuals in support of their power, their patronage, or their pecuniary emoluments, may give rise to murmurs against innovation; but that perfect freedom of communication is the vivifying principle of commercial prosperity, cannot in this age be contested.

In this case, however, the monopoly of the Company was not the most pressing, in truth it was not the real evil from which we suffered. The regulation of the monopoly, nay, even its extinction, could not therefore produce the salutary effect of opening that vent for the produce of our industry, so much desired by our manufacturers.

To disclose the real causes of that deficiency of demand, of which it was so natural to complain, it will be necessary shortly to retrace the nature of the Company's connexion with India, and to

explain the principle upon which the commerce of that country has been for a length of time carried on.

Before the acquisition of the territorial possessions, the East India Company conducted their commerce by exporting articles from Europe, for which there existed a demand in the East, and importing the manufactures of India best suited to the taste of their European customers.

It is true, that India never afforded a great demand for British manufactures, for bullion, even in those times, formed the main article of export. But as gold and silver are not of British growth, and could only be acquired in return for our produce, the markets of India indirectly gave rise to a demand for goods of our manufacture, in value equivalent to those we imported.

Under this system the Company had long flourished. From its efforts the nation was benefited both in trade and revenue, and the proprietors shared dividends, often high, and always sufficient to mark the credit and prosperity of the concern.

But, by the acquisition of our territories in the East, this system, on which the European com-

merce with India had been conducted, was at once completely interrupted; for the revolution effected by this event, not only in the Company's commerce, but in that of Europe with India, was not less extraordinary than the revolution in dominion which produced it.

The large surplus revenue which the Company enjoyed when it first acquired the territorial possession, in value far greater than both the goods and the bullion it had been accustomed to export, at once furnished means of supplying the British market with Indian produce, independent of all export from Europe, far beyond what the stock of the Company, acting as merchants, could antecedently command; whilst the enormous wealth suddenly amassed by its servants, lent to foreign companies for bills on Europe, where they wished to realize their fortunes, produced a similar revolution in the commerce of other countries *.

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* "Since the period of British acquisitions there, the "tribute of India, and the gains of British individuals, have "furnished the capital of the exports to Europe, from at "least all the territories possessed by this country; but "besides that tribute and those gains, there is, at this day,

This system of trade (if trade it can be called), which precluded all return from Europe to India, has been from that period, with more or less success, the object of the Company's pursuit. To the followers of the mercantile system of political economy, it must undoubtedly have appeared the perfection of commercial prosperity. There was no room for any nice calculation concerning

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"no capital in those territories applicable to an extension "of their exports to Europe."—Report from the Special Committee of Directors on the Private Trade, 27th January 1801, page 45.

"The vast wealth which poured into the coffers of individuals upon the ascendancy of the English power in India, at the same time that their number, in consequence of "this great change, rapidly increased there, soon overflowed the usual channel of remittance through the Company, "who, not having immediately adjusted their measures to "the policy which this new situation of things ought to "have dictated, had it been regarded as permanent, nor "indeed being well able at first to invest in goods even "the great revenues which came into their own hands, "many of the fortunes acquired by individuals found their "way into Europe by foreign channels; and these channels being once opened for the remittance of British property, have ever since continued to serve, in a greater or "less degree, for the same end, though the modes have varied." Ibid, page 22.

the extent of the balance in our favour. Where nothing was exported but what was necessary for the consumption of our servants, all was considered as gain that reached our shores.

But to those who have imbibed more liberal and enlightened notions of commercial policy, it must appear, that our intercourse with the East evidently ceased to partake of the nature and character of commerce. There was no exchange of commodities; nothing was given by this country in return for what it annually took away. The extent of demand which regulates all commercial transactions, no longer formed a rule for the conduct of those concerned; for it was the amount of the tribute that could be collected, and of the fortunes the Company's servants wished to remit, and no consideration of the state of our European markets, that decided the quantity of exports from India*; whilst, on the other hand, there

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* That in practice this was at an early period the effect of this species of intercourse with India, is apparent from the following extract of a general letter to Bengal, dated 7th of April 1773: "The state of our affairs requires "the utmost extension of your investments. You are "not to forbear sending even those sorts *which are at-*

could exist, comparatively speaking, no such thing as imports; for a country from which all was taken, and to which nothing was returned, could not partake of those desires originating from the possession of surplus wealth, which give birth to a demand for foreign commodities. It is singular that, though the Directors uniformly held out their commerce with India as productive of great mercantile advantage, they advanced distinctly the same opinions here stated in relation to the foreign trade of India, as appears from the following passage of their report on the export trade, 1793.

"The foreign trade with India has undergone "a total change, since the acquisition of the "Dewannee by the English; it is no longer a "commercial adventure; it has long depended "almost wholly upon agency, an agency for "transmitting to Europe the fortunes of British "individuals *."

"*tended with loss*, in case such should be necessary to "supply an investment to as great an amount as you can "provide from your own resources."

* Report on the Export Trade, 1793, page 18.

It would be idle to enter into detailed explanations, to point out the obvious tendency of such an intercourse to inflict irretrievable ruin on the country subjected to it *; and he who knows

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* Proofs may be brought, that these destructive effects, which theory would lead us to expect from our intercourse with India, in reality did ensue, to the knowledge of the Directors, and of the servants of the Company abroad.

" If recourse be had to the situation of the Company, " previous to the acquisition of the Dewannee, when " their views were purely commercial, AND WHEN INDIA " ABOUNDED IN WEALTH, it will be found that they laboured " under extreme difficulty in the disposal of the manufac- " tures and produce which they exported." Report on the Export Trade, 1793. p. 17.

" Beneficial consequences, of the utmost importance, " would certainly result to the British Empire in India, " from any considerable increase of its active capital, " which is known not to be in a just proportion to the " productive power of the country."—Letter from Lord Wellesley, 30th Sept. 1800.

Extract of a letter from Mr Malet to Lord Cornwallis, 1788, to prove the impossibility of extending our commerce:

" The riches carried annually to Delhi did not stagnate " there. The internal commerce of the empire, and the spi- " rit of the people, gave full employment to the foreign in- " flux of wealth; the productions of each province, and the " performance of every art were in high demand; and the

that demand, in the mercantile sense of the word, implies not a mere wish or desire to possess, but a desire of possessing combined with the means of acquiring, will readily perceive how impossible it is, that, under such a system, there should exist a demand for the produce of British industry.

By a strange perversion of reasoning, however, the extent of the Company's investment, a sure barometer for ascertaining its success in impoverishing India, was held out as the measure by which the wealth and the prosperity of our settlements was to be estimated; and pompous descriptions of the flourishing state of our posses-

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"pay of the vast armies of the empire kept pace in magnificence with every other article of expence. Hence arose numberless channels, through which the wealth of the empire was again circulated to its extreme branches.

"The mere accumulation of riches by the inhabitants of an empire is vicious and sordid, but much more so when it becomes the sole object of the rulers.—A wise legislature studies to make them the stimulatives of genius, of science, of agriculture, and of commerce; to convert them to the consumption of the produce of industry; and so to arrange them, as that the coffers of the state may be replenished from the redundance of the subject."—Appendix to the First Report on the Export Trade, 1793, No. 6.

sions, grounded on documents from which in reason we ought to have inferred the progress of calamity, dazzled and delighted the multitude, who, always disposed to give credit to a result that flatters their hopes, never thought of disputing the truth of reasoning they would have been sorry to see refuted.

Under these circumstances, it was natural for that numerous class of the community who, readily and without examination, believed the exaggerated prophecies of Indian prosperity, and the magnificent statements of the Company's future accumulations, to look to India as a great market for the produce of our industry.

To those accustomed to the usual notions of mercantile transactions, who imbibed these generally received impressions of Eastern prosperity, the great extent of imports from India seemed to imply the necessity of a reciprocal supply from Europe; and, as our manufactures experienced no proportional demand, it was natural for them to conclude, that India was supplied through that foreign European commerce, the existence of which was avowed.

This view of the subject at once explains the conduct, which, under the circumstances of the case, was necessarily pursued by those who conducted the arrangement in 1793, and serves to display the grounds on which it has been asserted, and will be shewn, that, in the nature of things, the plan adopted was sure to produce mischievous effects on the Company's concerns, and to prove inoperative and nugatory, as a means of increasing our exports, or of removing the foreign trade to British ports.

It requires no detailed explanation to shew, that those who were charged with the arrangement of the terms on which the Company's charter should be renewed, had precluded themselves from urging, in reply to the demands of the manufacturers, that plain statement of the truth which must have at once extinguished their hopes. It was obvious, that it was impossible for them to state, that the quantity of goods exported by the foreign European traders was trifling, and that no demand either did, or ever could exist, under the system pursued, for European commodities, beyond what was

requisite for the consumption of the Company's servants; because the reasoning necessary to give credit to these assertions involved a confession of the deceit, annually practised, by inferring the prosperity of India from the means of its impoverishment.

To have explained, that the commercial intercourse pursued, (productive of no returns to our settlements for what was exported from them,) had the necessary effect, in a commercial point of view, of making not only England, but Europe annually bankrupt to India, to an extent equal in amount to the value of its whole dealings, and to have enforced the inference, that, if there even existed in India a taste for European commodities, it never could give birth to a demand, whilst the country was constantly despoiled of the means of acquiring, would have been to avow, that the system contained within itself the germ of its own dissolution, and to confess the fallacy of all those intended anticipations, by which the public was to share millions, never to be realized, and the Company's stock to acquire ideal se-

curity from accumulated funds, never even in embryo to exist *.

Besides, a true and fair exposition of the case must have suggested a comparison betwixt the annual increasing benefits we enjoyed from the growing demand for British manufactures on the part of those American dominions which we had lost, and the benefits we derived from the trade of India, represented as "the greatest commercial concern which had occurred in the annals of polished nations†;" and this comparison, in itself fatal to the character of the system we pursued, was what those conversant with the subject must, above all things, have wished to avoid‡.

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* 3d Geo.. III. c. 52. § 111.

† See Mr Dundas's Speech, April 23d 1793.

‡ Whilst the exports to India have remained in a manner stationary, consisting almost exclusively of stores, woollens, and metals, and that only to the inconsiderable value already mentioned, the exports to America were progressively increasing, till, interrupted by the vigorous wisdom of ministers, they had recently amounted in value to the following enormous sums :

1805,	L. 11,446,000
1806,	12,665,000
1807,	12,097,000

To prevent all explanation, therefore, it was necessary to devise a plan, which, whilst it fed the hopes, that, by exaggerated statements, had been raised, satisfied in a degree the demands of our manufacturers, which, by the same means, had been created.

Such were the circumstances that gave birth to the idea of a regulated monopoly, which, when proposed, was explained to be a monopoly so regulated "as to ensure to the merchants and "manufacturers, the certain and ample means "of exporting to India, to the full extent of the "demand of that country for the manufactures "of this; and likewise a certainty, that, in so far "as the produce of India affords raw materials "for the manufactures of Great Britain or Ire- "land, that produce shall be brought home at a "rate as reasonable as the circumstances of the "two countries will admit of*."

On this proposal the Directors at first observed, and truly observed, that, in the form in which

* See letter from Mr Dundas to the Chairman of the East India Company, 16th of February 1793.

it was conveyed, it appeared to go to the full extent of depriving them of that exclusive privilege, which was admitted to be so advantageous *. Their fears, however, were somewhat allayed, when the proposed system came to be detailed, in the more intelligible and less inflated language of the enactments of an Act of Parliament.

From these they learnt, that, notwithstanding the renewal of the exclusive privilege, it was to be lawful for any of his Majesty's servants, to convey (with certain exceptions) goods to and from India, on payment to the Company of three per cent. on what was landed in England; and that the Company was to be bound to provide three thousand tons of shipping, at the least, (at the rate of L. 5 per ton outwards, and L. 15 homewards), for the specific purpose of carrying to the East Indies such goods, wares, and merchandize, as may be lawfully exported thither by individuals, and for bringing back from thence, as well the returns of the same, as likewise the goods of

* See observations of the Court of Directors, on Mr Dundas's letter of the 16th of February 1793.

other persons entitled to import the same into this kingdom.

Of the views which dictated this scheme there cannot be a doubt.

To the Company it gave an opportunity of haranguing on the benefits of the connexion betwixt the revenue and the trade of India, and the necessity of continuing their exclusive privilege; to the nation it gave a pretence for holding out the prospect of seeing the foreign European trade transferred to British ports; whilst to the manufacturers it permitted the assertion that their object was secured in the best manner; because, if the Company conducted their business on true commercial principles, they could afford to be the bearers both of European and Indian goods, cheaper than any individual merchant or trader on his own private account *.

But it was soon discovered, that this arrangement, though it afforded plausible pretences for the hand of authority to act upon, gave perfect satisfaction to none of the parties concerned.

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* See Mr Dundas's letter to the Chairman of the East India Company, 16th February 1793.

By perseverance, however; by the liberal use of Mr Pitt's name and authority *; and by hold-

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* Letter from Mr Dundas to the Chairman of the East India Company, inclosing the propositions for the new arrangement:

Sir,

I have had so many opportunities of talking at large with you, and the other gentlemen of the Committee, upon the subject of clandestine trade from India to Europe, that it would be a consumption of your time, as well as my own, to go over the subject again. I am more and more convinced, both upon national grounds, and upon a consideration of what is due by the East India Company to their own credit and interest, that very considerable sacrifices ought to be made by them, for the purpose of laying a foundation to put all the imports, which now come from India clandestinely, in a train of being brought into a mode of legitimate trade. I send you inclosed the suggestions which have occurred *to Mr Pitt and me* for this purpose. I trust you will soon be satisfied by experience that the adoption of them is no wise prejudicial to your interests; *but if we have not been fortunate enough to convince you in that respect, and that you still consider these concessions as sacrificing some part of your commercial interests, we are at least sanguine in our expectations, that, in compliance with our opinions, you will not conceive the sacrifices we call upon you to make, are of such moment as to justify you in refusing to make the experiment.*

(Signed.) HENRY DUNDAS.

Whitehall, 22d March 1793.

ing out the prospect of an *immediate* dividend of ten per cent. at a time when the Directors had never proposed, or even thought of more than eight per cent. * ;—the Company were at last in-

* Extract of a paper sent from the Chairman of the East India Company, to Mr Dundas, 17th of January 1793, intituled, *Hints for the purpose of forming an arrangement for the renewal of the Company's exclusive trade.*

" As to the Regulations at Home.

" To secure to the Company, in the first instance, " their commercial dividend of *eight per cent. per annum.*"

This was the original proposal of the East India Company, in the year 1793, in so far as related to the dividend, when the negociations commenced for the renewal of their charter. *Mr Dundas, in his letter, in reply to this proposal, dated 16th February 1793, first introduces the subject of increasing the dividend to ten per cent.* In this letter, after making out that there was a surplus revenue of upwards of one million, two hundred thousand pounds, he proceeds ; " taking it, however, at that sum, " the question is, how it is to be disposed of ? and I have " no hesitation in giving it as my opinion, *that the pro-* " *prietors ought to have a dividend of ten instead of eight* " *per cent.* on their capital. I am induced to be of this " opinion, because I observe, on a retrospective view of " their affairs, that eight per cent. was rather less than " their commercial dividend upon an average, before they

duced to acquiesce in that which they could not approve; and the desire, on the part of the manufacturers, (at the time expressed) not to throw any obstacles in the way of what government might deem a salutary and necessary arrangement, produced a similar effect.

Such is the origin and true history of the

" obtained the possession of the territorial revenues; and " considering the many struggles in which the Company " has been engaged, *and the many risks their possessions,* " *their trade, and of course their capital has undergone,* " it would be unjust if they were not to reap the advan- " tage of the additional dividend, which the situation of " their affairs certainly admits of."

To the Chairman of the Court of Directors, it appeared that the knowledge of this intention, which till then had been concealed from the Company, would produce such an effect on the value of India stock, that he went to the India House next day, (though a Sunday) and drew out an advertisement, to be sent to the Stock-exchange early next morning, announcing, that Mr Dundas had intimated, as his private opinion, that the Company should be permitted to divide ten per cent. per annum on their capital stock, in lieu of the present dividend of eight per cent.— See Narrative of the Proceedings at the India House, on the 17th of February 1793.

scheme, in relation to the private trade of India, which, in detail, received the sanction of Parliament, in the clauses of the act 1793, extending from clause 81, to clause 106. To say that it has been productive of none of the salutary effects aimed at, is but a slight censure of a measure, from which no one, who had the smallest acquaintance with the subject, except those who framed it, ever ventured to prophecy much ad vantage.

From the moment the act of Parliament took effect, and the merits of the system came to be tried by experience, its inefficacy and futility, as well as the unnecessary inconvenience and expence to which it exposed the Company, must have been apparent to those, whose duty and habits made them familiar with the daily routine of the Company's affairs.

It could not escape their observation, that, of the three thousand tons of shipping the Company were obliged to appropriate for goods to be conveyed to India on private account, only nine hundred and nineteen were occupied in the first year *, and that of these, eight hundred and

* Years 1793-4. See 3d Report of the Directors on Private Trade, 1802.

twenty-two were shipped by a house, so intimately connected with the supposed author of the plan*, that their adventure could only be considered as an overstrained desire to sustain the favourite project, founded on a conviction, that motives of interest would lead no one to co-operate in the attempt.

That in truth this was the case, became more distinctly evident from the experience of the two ensuing years, in the first of which there was only a demand for forty, in the second, for thirty-one tons, out of the three thousand the Company were obliged to provide to convey goods to India†.

If this complete failure of the scheme, in so far as it was intended to increase the export of British manufactures to India, forms a strong illustration of the justice of the view that has been given of the nature of our intercourse with that country, a further and equally powerful proof of its accuracy is to be derived from the inadequacy of the proposed tonnage to supply the demand of those who wished to remit their fortunes, by sending Indian goods to Europe.

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* Messrs David Scott and Co. Ibid.

† Years 1794-5 and 1795-6. Ibid.

For whilst in England it appeared, that, within two years after passing the act in the year 1795-1796, the demand for tonnage to convey British goods to India, was so limited, that only thirty-one tons out of three thousand provided were occupied; the demand for tonnage to convey Indian goods to England was so great, that in Bengal alone, instead of three thousand tons, five thousand three hundred and forty-six*, were in that year furnished to convey goods sent home on private account. And, notwithstanding this great increase of imports from India to England, a large foreign trade, in exports, to our settlements, continued to be carried on, almost entirely with British capital, as the Company themselves assert, in a paper explanatory of a memorial delivered to the Treasury, in the year 1797†.

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* See letter from George Udney, Esq. member of the Supreme Council, to Marquis Wellesley, dated 15th September 1800. See also Lord Wellesley's letter to the Directors, dated Bengal, 30th of the same month.

† The following is an extract from this paper; it is dated 3d of May 1797:

" A low duty, collected on the sale prices of goods sold
" for exportation, would, it is expected, make London the

From this memorial we may also infer, how strongly the Directors must at that time have been impressed, that it was impossible, even for the private trade, to effect that increase in the export of our manufactures, which formed the primary object of the act 1793.

For though it was drawn for the purpose of persuading the treasury to lower the duties on Indian goods, as a means of effecting the transfer of the foreign trade to British ports, which the act 1793 had been unable to accomplish, and must of course have enumerated all the advantages likely to result from the measure, in the estimation of those by whom it was so strenuously recommended, yet it never presumes to suggest, that the increase of our trade from India could be attended with any augmentation of our sales to that country.

Neither is it possible to attribute this omission to neglect or inadvertency; for the expediency of urging the increased sale of our manufactures, as

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" great emporium of India commerce, at present carried " on almost entirely by English capitals, although under " foreign flags—even a considerable part of the Danish " Company's cargoes are purchased with English funds."

an inducement to adopt what the memorial recommended, had not escaped the attention of those who drew it, as it dwells on the good effects of extending the sales of the produce of our industry, that would result from the increased number of foreign purchasers at the Indian sales, arguing, that persons frequenting a country for one article, inadvertently buy many others*.

Though at this period, therefore, the complete failure of the act 1793, in producing either an increased sale of our manufactures, or the transfer of the foreign trade to our ports, must have been known to all concerned, the public discussion of this important question was not renewed, till it was forced on in the year 1800, in consequence of a marked difference of opinion on the manner of conducting the trade, betwixt the government abroad and the Directors at home, in

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* "The sale of our exports in British manufactures "would also be proportionably increased, from the increased number of foreign purchasers of eastern goods "at the Indian sales, because persons frequenting a country for one article, inadvertently buy many others."— Extract of the memorial delivered to the Treasury, 3d May 1797.

which the Board of Controul concurred with the former.

It then appeared, that, of twenty-seven thousand tons of shipping, which the Company, at the rate of three thousand tons per annum, had, during nine years, been obliged to supply, for conveying goods from England to India, only one thousand nine hundred and eighty-eight had been used, and that the remaining twenty-five thousand *,

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* Extracts from the Third Report of the Special Committee on Private Trade, 1802.

" Tonnage occupied by private goods, under the act " 1793, in the following years :

" *Years.*	*Tons.*
" 1793-1794,	919
" 1794-1795,	40
" 1795-1796,	31
" 1796-1797,	252
" 1797-1798,	
" 1798-1799,	374
" 1799,-1800	195
" 1800-1801,	150
" 1801-1802,	27 applied for, but not shipped.
" Total,	1988

" It thus appears, that the Company are obliged, by the

was not the only unemployed tonnage the scheme had put the Company to the expence of sending out; as they had been induced, by the great demand for tonnage, to convey goods home, to adopt the wasteful system of sending unoccupied shipping from England to India for that purpose *.

" act of 1793, to provide annually three thousand tons, for " the exportation of British manufacture, and which, for " nine years, amount to - Tons, 27,000
" There have been applied for only 1,988

" Remains unemployed tonnage the Company were " obliged to provide, - 25,012"

* " The question which naturally follows, is, by what " mode of conveyance is that trade to be brought home? " I answer, by the India built shipping. Upon the po- " licy and beneficial tendency of this measure, I have only " to refer you to the unanimous opinion of all your ablest " servants in India, who have, from time to time, and in " the most explicit terms, pointed out to you the expe- " diency of this indulgence, both with a view to a just " attention to the interests of your servants in India, and " with a view to make Britain the great emporium of the " trade of Asia. Indeed, nothing has hindered your ser- " vants abroad, sanctioned by the express advice of your

It was this experience of what had passed since the passing of the act 1793, so different from what was held out as the probable consequence of the regulations at the time they were adopted, that made the renewed controversy assume a form very different from that in which it had formerly appeared. The manufacturing interest was now no longer regarded as a party concerned. Nay, the attempt to increase the sales of our manufactures, formerly the principal object of consideration in promoting these regulations, seems to have been abandoned as hopeless.

By the Directors, it was plainly asserted, that the former concessions had been of so little use to the manufacturers, that their interests in the privilege called for no further consideration *.

" Board of Trade, from acting upon these principles, at " different times, but the great quantity of unemployed ship- " ping sent out by the East India Company. I trust, " henceforward, you will see *the wisdom of desisting from* " *such a wasteful system*."—Letter from Mr Dundas to the Chairman of the East India Company, 2d of April 1800.

* See First Report on the Private Trade, page 23 of the papers printed by the Court of Directors, April 1802.

And it was now acknowledged, even by the person who proposed the plan, that the export trade to India never could be extended in a degree any way proportionate to the wealth and population of our possessions *; the importance of which was avowed to consist in the quantity of wealth we could draw from them, and not in any advantage our manufacturers could derive from the consumption of the natives †.

The resumed discussion was, therefore, solely confined to the means of transferring, from foreign to British ports, that export trade from India, which was said to be increasing with wonderful rapidity; though, probably, it bore only a due proportion to the increased number of our

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* See Mr Dundas's Letter of the 2d of April 1800, addressed to the Chairman of the Court of Directors.

† This was falsely attributed to the climate of India, and the religion and manners of its inhabitants; for there is no country, however opulent, in any climate, whatever may be the religion and manners of its inhabitants, that can long continue to have a demand for foreign commodities, if its surplus wealth, accumulated in the shape of tribute or savings, by those not permanently resident in the country, is annually exported.

servants, and the extension of their transactions, the natural consequences of the enlargement of our dominions.

The free merchants of India, the proprietors of shipping in the East, and the agents of both in England, seemed now the only parties interested in the discussion.

It is impossible to enter, with any thing like minuteness, into the protracted details of a controversy which lasted two years, and on which volumes were printed.

By the free merchants it was urged, that the privilege, conceded in the act 1793, had been rendered nugatory by the conduct of the Company. That the extravagant rate of freight charged, the uncertainty of the arrival and departure of their shipping, the deviations for warlike purposes, the state of doubt constantly existing as to the quantity of tonnage to be furnished, and the inconvenience arising from the short time allowed to procure or prepare goods for loading, operated as a prohibition to use the shipping provided by the Company.

By them, the authority of the Governor-General, and the servants of the Company abroad, was

relied upon, to prove that the concessions in the act 1793 had been frustrated, by the insufficiency of the tonnage furnished from England, and by the unavoidable expence and inconvenience attending the terms and manner of its provision.

They argued, that, under the existing impediments, and under the uncertainty which embarrassed the trade of the British merchant in India, it was impossible his goods could reach the markets of the Continent, at as low a price as the goods conveyed directly in foreign bottoms; and asserted, that the time lost by the protracted voyages of the Company's ships, more than countervailed the expence of the circuitous voyage to Europe by America; as the Americans had been known, after a four months voyage to Calcutta, to quit that port with a return cargo, within twenty days from the date of their arrival.

By the Company, these allegations were not wholly denied. They averred, that they had no design of obstructing the operation of the act 1793, though it had put them to great and unnecessary expence. But they admitted, that

they could not make the greater objects of their complex system bend to private interests; and they confessed, that the uncertainty in the times of the arrival and departure of their ships; the doubt of procuring freight in them; together with the long detention and circuitous routes, might justly be a ground of objection to those who were obliged to depend upon them for freight *.

In the conduct of this controversy, however, neither party can be acquitted of introducing irrelevant and extraneous matter, calculated to excite the prejudices rather than to influence the judgment of the public. The Company endeavoured to alarm the ship-owners of England, and the sugar-planters of the West Indies, by persuading them that their interests were directly attacked; whilst those who acted for the merchants of India, with equal regard to truth, attempted once more to impress on the minds of the manufacturers at home, that the small demand for the produce of their industry,

* See first Report of the Special Committee on Private Trade, page 28 of the papers printed by the Court of Directors, 1802.

arose from the circumstance of the Company's monopoly, and not from the system on which our possessions had been managed.

With which side the merits of the question rested, there could not exist a doubt. If the trade betwixt India and Great Britain, with the exception of the necessaries or luxuries which the Company's servants may require, is, as at present managed, a trade of pure remittance; if the loss on the sale of those goods in Europe, by which this remittance is effected, is daily increasing; can there be a doubt, if the system is persevered in, of the expediency of conveying the goods to be sent home at the least possible expence, and of making the India built ships, in which they are conveyed, at once a means of saving British ship-timber, (at the scarcity of which we are justly alarmed,) and of contributing, by their sale, to remit those fortunes which we wish to realize in this country?

This, indeed, seems to have been the opinion entertained by the President of the Board of Controul*; for he openly avowed, that he

* Lord Dartmouth.

thought it would be expedient to permit the importation of India goods in India built shipping, and even advantageous, that the option of returning to India, or of disposing of the vessel so employed, should be left with the proprietors; declaring, that this was the principle on which he would have wished to see the trade of India regulated, if, unopposed by charters, and unshackled by agreements, it had been open to arrangement *.

Betwixt the contending parties a compromise seems at last to have taken place. By the intervention of the minister, it was agreed that an experiment should be made†, to ascertain (what nobody could doubt,) whether a remittance trade from India could be conducted cheaper in Indian or in English built shipping. And it is remarkable, that though this is a subject on which it had been avowed the commissioners for the affairs of

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* See Lord Dartmouth's Letter of the 21st January 1802. Papers printed by the Court of Directors, App. page 40.

† See the eleven propositions read in the House of Commons by the Chancellor of the Exchequer.

India had by law no controul*, the dispatch, directing the mode of carrying the experiment into execution, was, in contempt of the provisions of the act, so completely altered by the Board of Controul, that they were under the necessity of substituting a new one †.

Thus the arrangement of the trade of India by the act 1793, devised for the purpose of increasing the sale of our manufactures, and facilitating the return of raw materials in exchange for what was exported, has only proved experimentally,

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* "It is scarcely necessary for me to observe, that in all "the discussions I have had on this subject with the Court "of Directors, I have not been entitled to exercise any au- "thority in the determination of the subject. It is a sub- "ject over which the commissioners for the affairs of India "have no controul."—Extract of a letter from Mr Dundas, First Commissioner for the affairs of India, 21st of March 1801.

† "We return your draft, No. 45, but as many altera- "tions have occurred to us, as indispensably necessary to be "made in it, we have substituted a new one in its room. "Our object in these alterations is, that a full and fair ex- "periment should be made."—Extract of a letter from the Board of Commissioners, conveying to the Directors the regulations by which the trade of India was to be regulated, of date 20th of March 1802.

that which reason might have taught its authors, that an increased demand for the produce of British industry, is, under the present system, hopeless.

Whilst, on the other hand, the channel it opened for conveying the exports of India to England, beyond what was purchased by the Company's investment, has been found so expensive and inadequate, as of necessity to be superseded, without the intervention of the Legislature, for the purpose of making an experiment, though it was announced, in authorized publications, when, in 1793, this measure was submitted to the Legislature, that the bill for the settlement of these great national concerns could not be one of experiment, but must be one of system*.

Since this experimental arrangement was communicated from England to India, there could exist, comparatively speaking, neither means nor inclination, greatly to increase the exports from that country.

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* Historical View of Plans for the Government of British India, page 23. This is understood to be one of the publications Mr Dundas alluded to as authorized, in his speech, April 23d 1793.

For the expenditure that has resulted from the system of warfare, and of aggrandizement of territory, that has been pursued, has deprived the Company of all resource for investment, and the great annual increase of debt it has occasioned, must have absorbed the savings its servants might have wished to remit in goods, had not the rapid diminution of demand, and consequently of profit on Indian commodities, operated in such a degree to discourage the importation of them, that it has drawn from the Directors a confession, that the want of provision for investment was hardly to be regretted*.

* This sentiment is said to be expressed in a paper, intituled, Exposition of the State of the Company's Finances, submitted to the Committee of the House of Commons during the last Session of Parliament.

At all events, the following statement of the diminution of the Company's sales (which is believed to be perfectly accurate) will shew the justice of the observation.

Value of piece goods sold at the East India sales, on account of the Company, in the following years.

1801,	-	-	-	L. 2,576,034
1802,	-	-	-	1,832,662
1803,	-	-	-	1,364,794
1804,	-	-	-	1,189,007

This diminution of the sale of India goods, attended with a rapid decrease in price of the small

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1805, - - -	908,525
1806, . - -	1,236,179
1807, - - -	777,210
1808, - - -	432,881

The general diminution of the Indian trade may be collected from the following statement of the total amount of the sale price of the whole goods exposed in each year since the year 1798-9.

1798-9, - - -	L. 4,667,295
1799-1800, - - -	3,565,559
1800-1, - - -	3,978,800
1801-2, - - -	3,086,943
1802-3, - - -	2,289,274
1803-4, - - -	2,236,396
1804-5, - - -	1,953,026
1805-6, - - -	2,254,899
1806-7, - - -	1,472,074
1807-8, - - -	1,309,080
1808-9, - - -	1,191,213

It appears, too, that the diminution of the quantity of goods sold is not more remarkable than the decrease of the profit on the small quantity the Company have been able to sell; for example, in 1798-9 there was a profit on the goods that brought at the sales L. 4,667,295 of L. 298,014, whereas, in 1806-7, upon the goods which brought L. 1,472,074, there was a loss to the extent of L. 264,288.

quantity sold, is ascribed to the warfare in Europe, by those who may still fancy that it is impossible, comparing the high price of labour in Europe, with the low price in India, for the manufacturer at home to rival his master in the art in which he is only an imitator*. With peace they pro-

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* These are nearly the words used by Mr Dundas in moving the regulations 1793.

The want of knowledge of the natural progress of manufacturing industry discovered in this observation, forms a remarkable contrast to the luminous manner in which the same subject is treated in the following passage of a work, intituled, Considerations upon the East India Trade, printed so early as the 1701: "The East India trade may be the "cause of doing things with less labour, and then, though "wages should not, the price of manufactures might be "abated. If things shall be done with less labour, the price "of it must be less, though the wages of men should be as "high as ever. Thus a ship is navigated with a great "number of hands, at very great charge; if by being un-"der-masted, and spreading less canvas the same should be "navigated by two thirds of that number, so as the differ-"ence of speed shall be very inconsiderable, the ship would "be navigated with less charge, though the wages of the "seamen should be as high as ever. In like manner, of "any English manufacture, performed by so many hands "and in so long a time, the price is proportionable; if by "the invention of an engine, or by greater order and re-

phecy a restoration of demand for that accumulation of piece-goods in the warehouses of Leadenhall Street, now the only article of Indian trade, in which the Company has retained its monopoly *.

But to those who have attended to the great improvement of our cotton manufactures, and marked the preference, that taste in pattern, as well as diminution of price, has secured to them, it must be a matter of doubt, whether if, by economical arrangement abroad, the Company should again acquire a surplus revenue, it can be remitted in India goods, even if conveyed in India built ships, without a great loss.

"gularity of the work, the same shall be done by two-"thirds of that number of hands, or in two-thirds of that "time; the labour will be less, the price of it will be "also less, though the wages of men should be as high as "ever."

* At the time the Company's charter was renewed, this trade in piece-goods was deemed of such importance, that it is stated, by the Committee of Correspondence, 1st of April 1793, that without it the Company could not liquidate their political debts, still less furnish the means of participation to the public, to the extent which is proposed.—See 8th Resolution, April 1st 1793.

At all events, after learning, from the examination before the India Committee of last session, that our cotton manufactures have in part supplanted the use of Indian cottons on the Continent,—that this interference is likely to continue with increased effect,—and that a return of peace does not promise a restoration of the accustomed demand for India goods *,—it must be evident,

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* May 24th 1808. Examination of Mr Robert Brown.
" I am a very large dealer in East India cotton goods. " Has the consumption of East India cotton goods in this " country increased or decreased? It has decreased very " considerably.—Have East India cotton goods in this " country increased in their price or decreased? Some " few fabrics of muslin have increased; but, speaking ge- " nerally of East India cotton goods, they are lower.—Do " those articles in which the price has increased, bear a " small or a large proportion to the East India Company's " sale of piece-goods? A very small proportion.—When " you say, that the prices of certain articles have increas- " ed, do you mean relative to the late prices of those ar- " ticles, or the average prices for some years back? I " mean relatively to the late prices.—Were these late pri- " ces higher or lower than the average prices? I think " I can state, that they were from 25 to 30 per-cent. low- " er than the average prices of six or seven years past.— " Has the present price of those articles, which you state

that in consequence of the management which has been pursued, the means of carrying manufactures to India, or eastern goods to Europe, has become a subordinate question.

"to have increased, risen up to the average price? I "think it has: speaking generally of East India goods the "present price is considerably lower than the average of "the last six or seven years.—To what do you ascribe "the fall of the price of East India goods for the home "consumption? Certainly to the interference of British "manufactures.—From your knowledge of the trade, are "you enabled to state it as a fact, that the British manu-"factures have interfered materially with the sale of the "East India cotton goods? I am able to state it as a "fact, consistent with my own knowledge, that they "have interfered; so much so, that our house have been "under the necessity of keeping the British muslins, within "the last two years, to furnish the assortment for our "own immediate connections.—Then your opinion is, as "a person conversant with the trade, that the British "manufactures have materially interfered, and are likely "to continue to interfere, with the sale of the Company's "cotton goods for home consumption? Certainly.—"With regard to the East India cotton goods for expor-"tation, has it increased or diminished in a considerable "degree? It has diminished in a considerable degree. "—To what cause do you attribute that diminution? "Principally to the want of intercourse with the Con-"tinent, but in a material degree to the improvements

For the prosperity of our Indian remittance trade, and that of our manufactures in their present improved state, must appear incompatible, unless the industry of India is diverted into some new channel, in which it may be instrumental in producing such raw materials as our climate cannot furnish, and thus aid and assist the prosperity of

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"made in the British manufacture of cotton goods, which "now supplant the India for many purposes, upon the "Continent, and particularly in the printing manufac- "tories, in which the East India cotton goods were for- "merly alone used.—Are you a large exporter of cotton "goods? I am, but principally of India; our exporta- "tion has very considerably diminished within these few "years.—Do you ascribe the diminished sale of the East "India cotton goods, in any and what degree to the im- "provement of the manufactures upon the Continent? "I think that the improved state of the cotton manufac- "tures upon the Continent, has not entirely prevented "the exportation from this country; for when the duty "on the Continent was about 40 per cent. very large "quantities were exported, and that it is only since the "absolute prohibition has taken place, that the cotton ma- "nufactures of the Continent have greatly increased. "From what period do you date the absolute prohibition "on the Continent? Between two and three years ago. "—Do you think the interference of the British goods

our manufactures, which must otherwise suffer from the rivalship of a remittance trade; always ruinous to those, the produce of whose industry enters into competition with it, because its extent is neither bounded by the demand for the goods it conveys, nor by the loss it occasions to the adventurers on whose account it is conducted.

" with the East India Company's goods is likely to con-
" tinue? I think it is likely to continue, with increased
" effect.

" Examination of Sir Robert Peel, Bart. a member of the
" Committee.

" Having been examined, said, That he was of opinion
" with the witness, Mr Robert Brown, That the sale of
" East India cotton goods has been of late years very much
" interfered with in Great Britain, by similar fabrics manu-
" factured at home. He begged leave to state, in addition,
" that though the prices of labour, and the raw material, are
" much lower in the East Indies than in this country, yet
" these advantages are more than counterbalanced by the
" following circumstances. The invention of ingenious
" machinery, by British subjects, has very much lessened
" and assisted human labour, and, what is perhaps of more
" importance, the manufacture is established in the seat of
" consumption, and the home trader is enabled with facility
" to supply the demand, and to accommodate himself to the
" changes that so frequently take place in fancy articles;
" that the British cotton goods must likewise have very

III. *Of the failure in effecting the objects to which the profits of the Company were by law appropriated; in considering which, the annual budgets stated to Parliament are contrasted with the ultimate result exhibited by the present state of the Company's finance.*

Though, from this short investigation, it must appear, that neither the commercial nor political regulations for the management of the East India Company's affairs have produced their intended effect, yet, as the advantage resulting from the union betwixt the government and trade of India, has, under this system, been a constant theme of applause, it was natural to look to the result of both combined, with sanguine hopes,

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" much interfered with the sale of East India cotton goods
" on the Continent of Europe, from the causes above stat-
" ed; and lately these markets have been lost, by the hos-
" tility of France; that he deemed it incumbent on him to
" state, that, in consequence of the cotton manufactures on
" the Continent of Europe, being established on British im-
" provements, he apprehends that a return of peace would
" not restore to the East India Company their accustomed
" demand in that part of the globe for cotton goods."

that some compensation, for the failure of the system in all other respects, might be found in the amount of the Company's profits, and in the state of its finance.

Here again, however, the disappointment is great; for this view of the subject exhibits not only the effects of unprofitable commerce, and ruinous warfare, but of vast increase of expence in the establishments, civil, military, and judicial, and is therefore, more than any other, unfavourable to the system that has been pursued.

Before the renewal of the charter in 1793, the Directors and the Board of Controul agreed in their view of the prosperous state of the Company's affairs. Their estimates proceeded on the supposition, that the annual profit would amount to one million two hundred thousand pounds; and the public were taught to believe, that this was an inadequate representation of what would be the real amount, formed from an excess of caution, to prevent the possibility of disappointment or mistake.

It was by positive assurances to this effect, coupled with predictions of the certainty of improvement, and future increase of revenue, that

the Legislature was induced to appropriate the profits of the Company, in a manner calculated to impress a general belief, that, to a certainty, the sums annually necessary for the accomplishment of the various objects provided for would be realized.

The former appropriation of the Company's profits, in the acts of the 21st and 24th of the King, by which, after payment of a dividend of 8 per cent. one-fourth of the remainder was appropriated to the proprietors, and three-fourths to the public, authorised no certain inference in relation to the amount of the Company's gains. The very circumstance, therefore, of adopting a form that seemingly implied a certainty of specific profit, could not fail to enforce on the public mind a conviction, that, under the improved state of the Company's affairs, the gains which Parliament was thus distributing were no longer precarious.

It is a received maxim in the interpretation of acts of Parliament, that no enactment should be deemed superfluous, to which in reason a meaning can be annexed.

When therefore it was enacted, that the profits of the Company in Great Britain, after providing

for the current payment of their debts, outgoings, charges and expences, should be disposed of in payment of a dividend, augmented from L.8 to L.10 per cent. on the present or any future amount of their capital stock*.

It was impossible not to conclude, that Parliament regarded as certain the existence of profits, sufficient not only to discharge the debts and claims against the Company, which had in the first instance a preference, but also to provide for the increased dividend, which, under that condition, was secured.

But when, subsequent to these two distinct appropriations, it was enacted, that five hundred thousand pounds should be set aside and applied to the discharge of bills drawn in India for the transfer or remittance of the debt to Great Britain†, the inference, that sufficient funds must exist, became still more irresistible; because Parliament could not with justice have preferred the payment of the enlarged dividend to the arranged discharge of a part of the Company's debts, unless there had been a certainty of means sufficient for the accomplishment of both.

* 33d Geo. III. cap. 52. § 111.

† Ibidem.

Neither can the presumption, arising from the fourth appropriation, be reasonably deemed less conclusive. By the act it is next declared, that five hundred thousand pounds shall be paid in every year to the receipt of his Majesty's Exchequer, to be applied as Parliament directs*, and this was considered as an advantageous compensation to the public, for the increase of dividend from eight to ten per cent. given to the proprietors. The nature of the transaction, therefore, implied, that the sum of five hundred thousand pounds, would to a certainty be received; because otherwise, the acceptance of that which was tendered as a bonus to the treasury, became a sacrifice of the public interest. For the proprietors of India stock, by the increase of dividend, acquired one hundred and twenty thousand pounds per annum, more than eight per cent. on their capital, of which the public, if the former arrangement had not been done away, must have received ninety thousand pounds, as under it they were entitled to three fourths of the profits, after payment of eight per cent. dividend; so that if there existed no means of paying the five hundred

* 33d Geo. III. cap. 52. § 111.

thousand pounds to the Exchequer, as well as of satisfying the former appropriations, this alteration, represented as highly beneficial to the public, ingeniously contrived to transfer ninety thousand pounds a-year from the Treasury, into the pockets of the proprietors.

It is needless to detail the specific inferences to the same purport, which the three remaining appropriations of the Company's profits by the act must suggest *. A further sum could not be allotted to the payment of Indian debts transferred to England, without confirming the belief of the sure existence of funds to discharge the demands preferred ; and the subsequent provision of an additional dividend to the proprietors, as well as that of a fund, to be accumulated to twelve millions, as a security for their capital, were measures which could only answer the purposes of those who chose to speculate in the Company's stock, if there existed a suspicion on the subject of accomplishing them.

Certain it is, however, that, since the year 1793, the public have only once received the five hundred thousand pounds they were taught annually to expect; and this solitary payment was obvi-

* 33d Geo. III. cap. 52. § 111.

ously made, for the purpose of securing to the proprietors an additional half per cent. dividend, which, under a clause of the act, could not otherwise have been assumed *.

In other respects, this complicated arrangement has remained dormant, with the exception of what relates to the increased dividend, which, though by law only payable out of the profits of the concern, and postponed to the discharge *of debts, interest, expences, and other outgoings*, has been regularly continued, at a time when the Company have avowed an annual loss of four millions, and stated a large balance against themselves †, on the general view of their concerns.

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* See 33d Geo. III. cap. 52. § 124.

† It appears to admit of little doubt, that, under the present state of the Company's affairs, they have no legal right to the dividend of five and a quarter per cent., which they continue to assume half-yearly.

By the 111th clause of the 33d of Geo. III. cap. 52. the right given to the Company, is to divide ten per cent. yearly "*out of their profits in Great Britain, after providing for payment of bills of exchange already accepted by the Company, as the same shall become due; and for the current payment of other debts, interest, and other outgoings, charges, and expences.*" The remaining half per cent. dividend they assume under the 124th clause of the act.

It is impossible to account for this great disappointment of the public hopes, authorised by

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By what power does the Company, then, declare this dividend payable to the proprietors, when they avow, by the account of stock per computation, an annual loss of millions, and a large balance against themselves, on a general view of their concerns?

Has it not occurred to them, that this is a question on which, under circumstances similar, though not so conclusive, Parliament has already decided?

It certainly cannot have escaped their observation, that, by the 21st Geo. III. cap. 65. § 9. it is enacted, that all the clear profit and revenues of the Company, "*after pro-* "*viding for the current payments of interest, outgoings,* "*charges and expences*, shall be disposed of, and applied in "the manner following:"—"In the first place, in each and "every year, such sum as shall be equal to eight pounds per "centum per annum on their capital stock;" and that, in the following year, it appears, as recited in the preamble, 22d Geo. III. cap. 51. that the net profits of the Company fell short of such a dividend by the sum of twenty-two thousand and twenty-three pounds, for which reason, they are specially authorised by law, to set apart a sum sufficient to pay the dividend of eight per cent. betwixt March 1st 1782 and March 1st 1783.

A further doubt may be reasonably entertained, whether, by the 9th and 10th William III. cap. 44. § 85. the proprietors, receiving dividends under the present circumstan-

these formal proceedings of the Legislature, without resorting to the hypothesis, that Parliament was either deceived by the statements of those in whom it confided, or that gross misconduct has taken place under the system of Government, adopted to secure the Company's interest against the effects of mismanagement.

It is true, that the nature of our commercial intercourse with India, and the details of the incessant, and extended scenes of warfare, which have been already given, coupled with large additional expensive establishments, at once account

ces of the Company, are not personally liable to their creditors for the amount of what they receive.

For that clause was introduced for the security of the Company's creditors, and does not seem to be done away by any of the acts regulating the dividends out of the profits, subsequent to the acquisition of the territorial possessions, which are obviously intended to secure to the public the share of the profits arising from the revenues, to which, in justice, the Legislature conceived them to be entitled. If this view of the law, in so far as relates to the right of declaring a dividend, is accurate, it certainly requires the revision of the Legislature; for the claim of the proprietors to indemnity of some sort, from the ruin in which their affairs are involved by the management of trustees, imposed upon them, appears irresistible.

for the mortifying failure of all those inflated anticipations, and for the sad calamitous reverse, which the Company's affairs, under the management of the Board of Controul, has experienced.

But this view of our commerce, and this account of our conduct in the East, can neither be urged as a defence by the authors of the system, nor as an apology for its failure by the advocates for its continuance. For, in other words, it would be plainly to admit that the representations given in 1793, of the nature and consequences of our commercial intercourse, were founded on ignorance or deceit, and that, under the system of Government by a Board of Controul, instituted to prevent intrigues and warfare with the native powers, both have prevailed to an extent, unknown under that reprobated government by a Court of Directors, which all concurred in suppressing.

Recently, indeed, it has been insinuated, that it is to the European warfare, which has prevailed almost without interruption, since the renewal of the charter, that these reverses may be in a great measure attributed. But this vindication cannot be seriously relied upon. The war in Europe was not an event unforeseen, which took place long after the public expectation was raised by

the arrangement of the Legislature. On the contrary, we were engaged in hostilities at the time; and the suggestion of some of our manufacturers, that a conditional arrangement should be made till the restoration of peace, was treated with neglect *.

But it is, in truth, ridiculous to assign the warfare in Europe as the cause of the great losses the Company have experienced. By it they have, in reality, been subjected to little additional expence; for the charge of capturing the French and Dutch settlements, as well as of fitting out the numerous expeditions that have been projected, or that have taken place, were all regularly brought to account, and the expences have been repaid from the public purse.

It is, therefore, indirectly, by its effects on their commerce, in increasing freights and insurance, that there is the smallest pretence to say that European warfare has affected the funds of the Company; and these are circumstances

* See Letter from the Chairman of the Manufacturers of Glasgow to Mr Dundas, 19th March 1793, printed in the collection of papers respecting the renewal of the negociation.

which, if they had been thought likely to derange the flattering prospects held forth, could not possibly have escaped the observation of Parliament, or the notice of those in whom it confided, when during war, this arrangement was formed.

Neither does it appear that the effects of European warfare have always been deemed detrimental to the Company. If, on the one hand, the augmentation of the commercial charges is hostile to its interest, it certainly benefits, on the other hand, by the destruction of the foreign commerce with the East. At the restoration of peace in 1803, the increased sale prices obtained in time of war were considered as forming an ample equivalent to the additional charges it creates*; and the following abstract of the annual statements, made to Parliament since 1793, will at once shew the flattering prospects with which the nation, in time of war, has been deluded, and prove, that the existence of a European warfare was formerly regarded as the cause of augmenting the scale of the Company's commercial transactions; whilst, more recently, its renewal in

* See Lord Castlereagh's speech, on opening the Indian budget, March 14th, 1803.

the year 1803, was contemplated as a circumstance which would not impede the reduction of the Company's Indian debt *.

1794.

This being the first year after the act passed, the budget is introduced with a statement of the form in which the accounts will be annually brought before Parliament; and it is generally asserted, that every view of the subject amply justified the expectation entertained when the measure was recommended.

Abstract of the Accounts, shewing the amount of profit and loss, and the state of assets and debts, for the year 1793 in India, and 1794 at home.

Assets.		Debts.	
In India, 1793,	L.8,733,796	In India, 1793,	L.7,857,405
At home, 1794,	9,888,836	At home, 1794,	7,006,500
Total,	L.18,622,632	Total,	L.14,863,905

* See Lord Castlereagh's speech, on opening the Indian budget, March 14th, 1803.

Profit and Loss on the Company's affairs since last Year.

In India, - -		L. 2,344,144
At home, - -		1,257,792
China and St Helena, -		274,926
Total		L. 3,876,862
Deduct Capital Stock paid in,	L. 2,000,000	
Ditto on account of Error in last Account, - -	207,108	
		2,207,108
Remains net improvement in one year, after providing for the payment of five hundred thousand pounds to the public,		L. 1,669,754

Extract from the speech in which this statement was introduced:

"Such, therefore, has been the prosperous "state of the East India Company's finances on "the whole, that, notwithstanding the defalcation in the sales at home, their affairs appear "better by L. 1,669,749 in the present accounts, "than they did in the statements laid before the "House last year; and this, after providing for "the payment of L. 500,000 to Government. "A considerable part of this improvement has "undoubtedly arisen from temporary resources, "particularly the sums received from, or owing "by Tippoo Sultan; but, independent of that

" amount, the permanent revenues were more " productive than in preceding years; and " that those resources will be equally, or, in- " deed, more productive in future, there is " every reason to expect, from the flourishing " state of the Company's affairs in India. In " whatever point of view their situation is con- " sidered, the prospect exceeds the most san- " guine expectations that could have been form- " ed, when I first brought the annual statements " under the consideration of this House. For " this state of prosperity, we are greatly indebt- " ed to the valour in the field, and wisdom in " the council, of the illustrious character just re- " turned from India to receive the thanks of his " country, a tribute well earned by his indefati- " gable exertions to promote its interests.

" With respect to the continuance of the pre- " sent prosperous state of the Company's affairs " in the East, there is no doubt of its being per- " manent, as far as stability in the course of hu- " man events can be promised. All the posses- " sions (the distant islands excepted) belonging to " the only European power in that part from " whom we could have any apprehensions of " danger, have been captured."

1795.

Abstract of the Accounts, shewing the amount of the profit and loss, and the state of the assets and debts, for the year 1794 in India, and 1795 at home.

Assets.		Debts.	
In India,	L. 8,807,600	In India,	L. 7,305,462
At home,	10,413,354	At home,	6,946,323
Total,	L. 19,220,954	Total,	L. 14,251,785

Profit and Loss on the Company's Affairs since last year:

Increase in India, - -	L. 625,747
Increase at home, - - -	584,695
Total,	L. 1,210,442
Deduct Loss at China and St Helena, -	101,723
Remains gain,	L. 1,108,719
Add cargoes shipped after closing the accounts in India, compared with the last year's statements,	303,530
Remains net improvement this year,	L. 1,412,249

Improvement in the Company's Affairs since the year 1793.

Amount of gains, as stated budget 1794,	L. 1,669,754
Amount of gains, 1795, as above, -	1,412,249
Total,	L. 3,082,003

Extract from the speech with which this statement was introduced:

"As author of the propositions in 1793, when "the new charter was granted, he thought it in-"cumbent on him to take care that the public "should know, whether, in the estimates and "calculations on which he grounded those pro-"positions, he had taken an exaggerated view of "the revenues of India, or of the appropriations "of them. It was for that reason he had been so "particular in making the foregoing statements to "the House, by which it appeared, that, as in the "revenues, so in the sales at home, his estimates "had been greatly exceeded, though the Com-"pany laboured under great disadvantages by "detention of ships; and though the want of "coast goods obliged them to narrow their sales, "had it not been for those disadvantages, the ex-"cess would have amounted, no doubt, to a very "considerable sum.

"If he looked to India, he saw no circumstan-"ces that did not lead to confidence in the in-"creasing prosperity of the country."

Here follows a detail concerning the various settlements on the affairs at home. It is said,

"While such was the situation and prospects "of the Company in India, there was surely "nothing discouraging in the state of their affairs "at home. In time of war, and when the "markets of a great part of Europe were shut "against them, their sales were greater than "they had ever been before."

Though the Company was thus represented as in the greatest prosperity, and the improvement of their affairs within the year stated to amount to one million four hundred and twelve thousand two hundred and forty-nine pounds, yet no payment was made to the public; and this subject was passed over with the following remarkable observation: "If such was the state of their "affairs at home, it might be asked why they "had not been called upon to pay the L. 500,000 "due, or supposed to be due to the public? With-"out giving any opinion upon the right to call "for payment, he would answer, that it would "have been imprudent *."

* The extraordinary doubt here stated, on the right of the public to the L. 500,000, under the enactment contained in the 111th clause of the act, naturally suggested an examination into the history of that transaction, which presented the following curious details.

1796.

Abstract of the Accounts, shewing the amount of profit and loss, and state of assets and debts, for the year 1795 in India, and 1796 at home.

Assets.		Debts.	
In India, -	L.8,867,266	In India, -	L.6,813,737
At home, -	10,413,354	At home, -	7,474,700
Total,	L.19,280,620	Total,	L.14,288,437

Extract of the Resolutions intended to be proposed to the House of Commons, as the basis of the act 1793, communicated by Mr Dundas to the Court of Directors, March 26th 1793.

"Thirdly, in payment of a sum not exceeding L. 500,000, " on the day of in every year, into the receipt " of his Majesty's Exchequer, to be applied as Parlia- " ment shall direct, the first payment thereof to commence " and be accounted due on the day of 179 ; " and, in the event of any deficiency of the said funds in " any year, for satisfying such last mentioned payments " into his Majesty's Exchequer, the same be made good " out of any surplus which may remain from the said net " proceeds in any subsequent year, after the payment of " the annual sum of L. 500,000 into his Majesty's Exche- " quer, in each year respectively."

Profit and Loss on the Company's affairs since last Year:

Increase in India, - - - - - - - - - -	L.551,390
Increase at home, - - - - - - - - - -	1,082,581
Total,	L.1,633,971
Deduct loss at China and St Helena, - - -	397,978
Remains, Total Improvement,	L.1,235,993

Improvement in the Company's affairs since the Year 1793:

Amount of gains, as stated budget 1795, -	L.3,082,003
Amount of gains 1796, as above, - - - -	1,235,993
	L.4,317,996

Against these resolutions, a remonstrance was made by the Court of Directors, stating, amongst other things, an objection to the clause above recited; in reply to which Mr Dundas wrote, on the 18th of April 1793, a letter, of which the following is an extract:

"I think it proper to mention to you, that if, in the "progress of the business, I feel no material objection "against the suggestions you make, I shall be very hap- "py to find it in my power to acquiesce in them. This, "however, must not be understood to relate to what I "have stated with regard to the participation with the "public; for, on that point, *I cannot, in justice to the* "*interest of the public*, depart from the reasoning or con- "clusions I have formerly conveyed to you.

"With regard however, to the explanation you desire to

Extract of the speech by which this statement was introduced:

" It affords me the most sincere satisfaction,
" and cannot fail of giving equal pleasure to the
" House to learn, that notwithstanding these cir-

" receive from me, I have no hesitation to state, that I
" never meant the participation of the public to operate
" as a debt against the Company, either with regard to
" its dividend, or the payment of its creditors; but I did
" mean, that the deficiency of one year should be made up
" from the exceeding of future years; in bar of such ex-
" ceeding going to the guarantee fund. To put it in figures:
" I shall suppose that the surplus of 1794, should be such
" as, after paying the dividend to the proprietors at the
" rate of ten per cent. and after paying L. 500,000 in ex-
" tinction of debts, only to yield L. 400,000 of participa-
" tion to the public, but that in 1795, the surplus should
" amount to L. 600,000, after paying the dividend of ten
" per cent. to the proprietors, and the L. 500,000 to
" the creditors; in that case, the whole L. 600,000 of
" the surplus 1795, must go to the public, in place of
" L. 100,000 of it going to the guarantee fund, which
" it would do under the proposed appropriation, if the
" deficiency of the year 1794 had not happened."

In compliance with this view *of what the interest of the public in justice required*, the resolution was submitted to the House of Commons in the form in which it was sent to the Directors. In framing the act of Parliament, however,

" cumstances*, I have it still in my power to " assert, that the appearance of the affairs of the " East India Company, both abroad and at home, " is most favourable, and this satisfaction is in- " creased, by being contrasted with those periods, " when the deliberation was, whether the Com- " pany was not in an absolute state of bank- " ruptcy, and whether any possible arrangement " could be devised to save them from utter ruin?

" The predictions I then ventured to make, " have been all fully justified by the events; and " the sanguine hopes I long professed to enter- " tain (contrary to the opinion of those who dis-

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a clause was introduced, providing, that in case the net proceeds should, by circumstances incidental to war, fall short of the sum necessary to make good the L. 500,000 to the public, then the deficiency shall not be made good out of the surplus of any future year, but shall be considered as a debt against the Company, at the determination of the exclusive trade, payable only out of any surplus that may exist after the capital stock is replaced to the proprietors, at the rate of two hundred per cent.—See clauses 111 and 122, 33d Geo. III. cap. 52.

* The circumstances here alluded to, was the increase of pay to the army of India, amounting, as then calculated, to L. 400,000 per annum; in reality, however, to a much larger sum.—See note p. 207.

" puted the correctness of the statements on " which they were founded), have been also com- " pletely realized. Whatever caution may be " proper to be observed in speaking of future " events, it would be acting uncandidly towards " the committee, nor less so towards the public " at large, if a doubt was suffered to exist of my " opinion respecting the probable improvement " in the state of affairs in India. That the pros- " perity has been hitherto progressive, is fully " ascertained; and there is no hazard in assert- " ing, that there is every prospect of this prospe- " rity being yet considerably augmented.

" The internal tranquillity is not likely, at " present, to suffer interruption; the most friendly " intercourse exists with all the powers upon the " Continent; and a treaty has been concluded " with the Rajah of Travencore, from which " great advantages may be expected. The war " which agitates Europe, has not reached the " Company's possessions, nor is it likely to do so " with any serious effect."

Towards the close of this speech, a deficiency of cash in the Treasury at home is admitted; but it is stated that " the only inference

" that can fairly and justly be drawn from this " circumstance, is, that the capital is not propor- " tioned to the extent of the trade; for, if that " capital was, in 1793, not more than sufficient, " it must be completely inadequate on the present " enlarged scale of the commerce.

" That an increasing trade requires an increas- " ed capital, cannot be denied; and if the pru- " dence or propriety of extending that trade, at " the risk of adding to the capital at the present " moment, is disputed, on account of the disad- " vantageous mode in which money can be raised, " when compared with a time of peace; the " answer is, that as all competition with the Com- " pany, in the oriental trade, has been nearly " annihilated by the circumstances of the war, " and other causes, it would not have been wise " to have deferred, for a moment, the taking " advantage of such favourable and concurring " events, in order to bring the riches of the " Ganges and of Canton to the Thames."

1797.

Abstract of the Accounts, shewing the amount of profit and loss, and the state of assets and debts, for the year 1796 in India, and 1797 at home.

Assets.		Debts.	
In India, -	L. 8,958,669	In India, -	L. 7,146,083
At home, -	12,476,813	At home, -	7,916,459
Total,	L.21,435,482	Total,	L.15,062,542

Profit and loss on the Company's affairs since last year:

Loss in India, - - - - - - - - - -	L. 240,944
Deduct increase at home, - - - - - - -	10,742
	L.230,202
To this must be added the loss at China and St Helena, - - - - - - - - - - - -	243,461
	L.473,663

Improvement in the Company's affairs since the year 1793:

Gain, as stated in the abstract 1796, - -	L.4,317,996
Deduct loss, as above, - - - - - - - - - -	473,663
	L.3,844,333

Speech by which this statement was introduced:

This was the first year after the renewal of the charter, in which a loss appeared by the accounts, as stated to Parliament. The attention of the Com-

mittee was, however, called to the general improvement of the Company's affairs, since the superintendance was vested in a Board of Controul; and it was stated, that " The prosperity " of the East India Company has been increasing " from the period when the operation of the " present system was brought into full effect; " and the amelioration of their affairs, notwith-" standing the war with Tippoo Sultan, between " that period and the present, amounts to no less " than L. 11,000,000 Sterling, computing mere-" ly on the increase of assets, and the decrease " of debts, without taking into the account the " enhanced value of the revenues of India, and " the improved state of the commerce."

1798.

Abstract of the accounts, shewing the amount of profit and loss, and the state of assets and debts, for the year 1797 in India, and 1798 at home.

Assets.		Debts.	
In India,	L. 10,531,145	In India,	L. 9,294,539
At home,	13,211,370	At home,	7,284,694
Total,	L. 23,742,515	Total,	L. 16,579,233

Profit and Loss on the Company's Affairs since last year:

Increase at home, - - -	L. 1,366,322
Deduct loss in India, - - -	575,979
Remains increase,	L. 790,343
Against this must be stated loss at China and St Helena,	1,002,410
Remains loss,	L. 212,067
To this sum must be added the value of the cargoes of four ships arrived in England from Bombay, in time to be included in the home assets, which appear to have been included in the assets of that Presidency on the 30th April 1797,	201,153
Total loss in this year,	L. 413,220

Improvement in the Company's Affairs since the year 1793:

Gain, as stated in the abstract 1797,	L. 3,844,333
Deduct loss, as above, - - - -	413,220
	L. 3,431,113

Extract from the speech in which this statement was introduced:

After a statement of the causes of the deficiencies of the present year, it is said, "The "successful termination of the several important "expeditions, by which the enemies of this coun- "try have been deprived of their settlements in

" the East, has afforded additional security to the " possessions of the Company, and has, likewise, " opened new sources of wealth, from which, " there is every reason to hope, a full compensa- " tion will eventually be derived for the pecu- " niary sacrifices that have been made.

" The immediate effect of these measures, has " been to absorb the major part of the funds " which would have been derived from the In- " dian revenue, towards the provision of the in- " vestment. The immensely increased demand, " on this account, has enhanced the value of mo- " ney, so as to occasion the necessity of having " recourse to loans at higher interests than for- " merly in practice; the rate of exchange has " also increased in proportion; the additional call " upon the treasuries for interest, will, for a time, " operate unfavourably, and the prime cost of " goods must incur some increase. The result " of all these events, however temporarily dis- " tressing, is not to be mentioned in a compari- " son with the more substantial and permanent " benefits which may ultimately be expected both " abroad and at home. At home, an increase " of assets, and a decrease of debts, has clearly

" been demonstrated, and the net improvement " ascertained to be L. 1,366,322. Although the " Indian concern has been so considerably affect- " ed, by the circumstances above pointed out, " and although the balance of stock at China is " more unfavourable by near a million, the gene- " ral balance, on the comparison with last year, " is only L. 413,000 worse.

" The improvement at home would have still " been more considerable, if disappointment had " not occurred, as to the arrival of the goods; the " property in India, it is true, would been have " lessened, but not in proportion. The short " amount of the sales has been stated to arise " from this circumstance alone; and it is satis- " factory to find, that, so far as the commerce is " concerned, there is every appearance of pro- " sperity. The immense sale of private trade " goods affords a display of the rising commer- " cial prosperity, *and increasing wealth of the* " *settlements abroad*, and proves the advantage " derived, and to be derived, from the extension " of privilege to private traders, by the act of " 1793. The increasing demand for almost every " species of Indian produce, whether raw or ma-

" nufactured, strengthens the probability, that, in " this point of view, the prospects formerly held " out, will ultimately be completely realized."

Towards the conclusion of this speech, it is said, " From what has been stated, the inference " is perfectly just, that the wealth of the Indian " provinces has been progressively improving, " and that the affairs of the East India Company " have derived every advantage that could be ex- " pected from this improvement, on contrasting " the amount of the balance of property at this " time with what it was ten years back."

1799.

Abstract of the accounts, shewing the amount of profit an loss, and the state of the assets and debts, for the year 1798 in India, and 1799 at home.

Assets.		Debts.	
In India,	L. 9,922,903	In India,	L. 11,032,645
At home,	17,119,628	At home,	7,103,762
Total,	L. 27,042,531	Total,	L. 18,136,407

Profit and Loss on the Company's Affairs since last year :

Increase at home, - - -	L. 4,089,190
Deduct decrease in India, - -	2,346,348
Increase,	L. 1,742,842

Deduct loss at China,	- - -	354,662
		L. 1,388,186
Deduct cargoes which arrived in India previous to closing the quick stock account, April 30th 1798, which were formerly included in the assets at home,		279,653
	Remains gain,	L. 1,108,527

Improvement in the Company's Affairs since the year 1793:

Gain, as stated in the abstract 1798,	L. 3,431,113
Gain by this year's account, as above,	1,108,527
	L. 4,539,640

Extract from the speech in which this statement was introduced:

" The estimate of the year 1793, was framed " on the most accurate calculations prescribed by " the experience of past years. That the pros- " pects might not be over-rated, the resources, " though evidently in a state of improvement, " were taken on a moderate scale. This is proved " by the issue. Their produce has more than " justified the expectations; and although fluc- " tuations on so immense a revenue must naturally " be expected, *the estimate has exceeded in no* " *less a sum than a million Sterling on the*

" *average ;* and it is satisfactory to observe, that, " notwithstanding some disappointments have oc- " casionally happened in the realization of the " Company's own immediate resources, nothing " has occurred to raise any doubt of their gene- " ral stability and permanence.

" From what has been now observed, it must " be concluded, that the immense difference has " entirely arisen from the increase of the charges. " *It nevertheless appears, that the estimate, in* " *this respect, was framed with an equal degree* " *of caution.* The increase has been occasioned " by circumstances which could not possibly be " foreseen; it has been progressive; and the " various additions have been annually explained " to the Committee as they arose. On the review " it will be found, that a part may be looked upon " to be permanent; as that occasioned by the re- " gulations for the administration of justice, that " incurred by the military regulations in 1796, " with the increased pay to the Europeans, in " conformity with the same measure in Eng- " land*; also the addition to the army, in conse-

* In Sir Arthur Wellesley's Speech, July 10th 1806, the actual charges of the civil and military establishments,

"quence of the subsidiary treaties; but a very "material part of the increased expence may be "stated to be temporary and contingent, and "to have arisen from the necessity of various "expeditions, and of warlike preparations, of "which it will not be practicable to ascertain "the whole charge incurred, till accounts of a "later date shall be received. It is then intend-"ed more fully to illustrate the policy of the "measures adopted from time to time; likewise "the important and beneficial consequences "which may be ultimately expected from the "successful issue of the late military opera-"tions.

"The expences have certainly been immense; "but, under every circumstance of the war, "*the revenues have increased, and the trade* "*has been advanced to an amount before un-*" *known.*"

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in 1798, are stated to exceed the actual charges in the year 1793, in the amount of L. 1,474,686.

1800.

Abstract of the Accounts, shewing the amount of profit and loss, and the state of the assets and debts, for the year 1799 in India, and 1800 at home.

Assets.		Debts.	
In India,	L. 10,259,107	In India,	L. 12,995,526
At home,	- 16,185,950	At home,	- 5,830,222
Total,	L.26,445,057	Total,	L.18,825,748

Profit and loss on the Company's affairs since last year:

Decrease in India, - - - - - - - -	L. 1,626,677
Deduct increase at home, - - - - - -	339,862
Loss,	L. 1,286,815
Deduct gain at China and St Helena, - - -	861,572
	L. 425,243
To this must be added, part of the consignments for which credit is taken in the home assets, that appeared to have been included in the India stock accounts,	202,450
Total loss,	L. 627,693

Improvement in the Company's affairs since the year 1793:

Gain, as stated in the abstract 1799, - -	L. 4,539,640
Deduct loss, as above, - - - - - - - - -	627,693
	L.3,911,947

Extracts from the speech in which this statement was introduced:

"The final result of the whole is, the financial "departments in India have experienced material "deterioration, from the united pressure of war "expences, and provision of investments, but not "in a degree to afford ground of alarm.

"In the year 1797 I took occasion to offer to "the Committee a most flattering view of the surprising improvement brought about in the "course of ten years. The reduction of the "debts, and the increase of the assets, were to "an amount exceeding L. 11,100,000 Sterling. "It is true that, within that period, money had "been raised on additional capital to the amount "of L. 3,740,000, but it must likewise be taken "into consideration, that the remainder may be "termed a net improvement, under the events of "an Indian war, at one time threatening serious "disasters, though finally concluded highly to "the advantage of the Company; under the "events, likewise, of the present European war, "during four years of the period, which caused "enormous additions to the expence of freights, "and of the provision of every article of equip-

" ment, and occasioned also great expences by " several expeditions, from which our rivals were " deprived of their possessions in the East. But " I have carried the comparison three years fur- " ther, which will take in a great part of the im- " mense expenditure of the late war with Mysore, " and find that the improvement, during these " thirteen years, on the same principle, is " L. 11,880,000. If it be inquired, what is the " state of the concern between 1796-7 and the " date of the present accounts, in which period " the extraordinary pressure has been mostly felt? " it is satisfactory to discover, that, without any " aid from increase of capital, the improvement " has still been L. 747,000.

" It is fair, then, to infer, that, so far from ap- " prehensions, the most sanguine hopes may be " indulged, from the present general aspect of " the Company's affairs, whether considered po- " litically or commercially, that unless any thing " unforeseen should occur, the debts may, in a " few years, be reduced to the amount at which " it may be prudent to limit them; and that " the surplus produce of the revenues may be " applied to the purposes intended, when the " last arrangement took place."

1801.

Abstract of the accounts, shewing the amount of profit and loss, and the state of the assets and debts, for the year 1800 in India, and 1801 at home.

Assets.		Debts.	
In India,	L. 11,569,553	In India,	L. 14,640,402
At home,	15,404,736	At home,	5,393,689
Total,	L. 26,974,289	Total,	L. 20,034,091

Profit and loss on the Company's affairs since last year:

Gain at China and St Helena, - - - -		L. 1,442,232
Deduct decrease in India, -	L. 334,430	
Ditto decrease at home, - -	344,981	
		679,411
		L. 762,821
Deduct bills drawn on the account of the remittance loan from India, and not accepted in England, which therefore, though a debt, are excluded both from the Indian and home account,	L. 391,915	
Deduct on account of cargoes included in the quick stock abroad, and in the assets at home, -	280,441	
		672,356
		L. 90,465

improvement in the Company's affairs since the year 1793:

Gain, as stated in the abstract 1800, - -		L. 3,911,947
Gain, year 1801, as above, - - - - - - - -		90,465
	Total,	L. 4,002,412

This statement was made when the person at the head of the Board of Controul was about to retire from office; and, in the speech in which it is introduced, a general view is given of the increased influence and power of the Company at that period, contrasted with their state in 1784; in particular, a view of the acquisition of territory, state of alliances, and of the commerce in India, at China, and at home.

What relates to the management of the territorial possessions is summed up as follows: "If "I had been the sole actor in those beneficial "consequences, which have resulted from the "recent administration of India, I should not "have felt it decorous, on my part, to have alluded "to them, even in the general way I have done; "but I owe it in common justice, to those who "have either assisted with their judgment in the "formation of plans, or their active exertions in "carrying them into execution; and it cannot

" fail affording high satisfaction to the Committee, to be informed that every measure, whether relating to revenue or police, has been undertaken, no less with the view to the comfort and welfare of the Indian subjects, than to the advantage of the state."

On the subject of the increased establishments, it is admitted, that the charges are greatly increased; but this is attributed either to circumstances connected with the addition to the resources, or to the absolute prescription of policy and justice.

On the comparison betwixt the state of the Company's affairs in 1784 and 1801, it is asserted, That " the general state of the Company's affairs, notwithstanding the increase of the expences, and the accumulation of the debts in India, may be found, upon calculation, to have greatly amended within the periods of comparison. I have, upon a former occasion, brought to the notice of the Committee, that the improvement under the operation of the present system, to the period of account then under consideration, was found to exceed eleven millions Sterling; the alteration since not having been to any great amount, the amelioration may, on the same

" principle, be now taken at about the like sum.
" The additional capital must, as then noticed,
" be taken into the account, and some further
" adjustments will be required."

" The debts abroad are certainly much greater
" than at the first period of the comparison; but
" the assets exhibit an excess still more consider-
" able. At home, the favourable alteration, in
" both respects, has been to such an amount, as
" to form, in some degree, the most serious part
" of the present financial embarrassment, inas-
" much as, what appears to be the chief cause of
" the apparent deterioration abroad, has contri-
" buted to the amelioration at home, to an extent
" rendering it a matter of great importance, and
" some difficulty, to restore the balance."

These details may be considered as tedious; but in examining the merits of a system constantly applauded for its publicity, it is necessary to trace, with accuracy, the impression annually conveyed; for it is a comparison of the statements given from time to time, with the ultimate result, that can best enable the public to judge, whether their admiration is due to the system, or to the dexterity with which they have been deceived. Besides, the

defence lately resorted to makes it necessary to show, that the war in Europe never interrupted the favourable representation of the Company's affairs, uniformly given by the Board of Controul.

That in many respects peace in Europe would have been more advantageous to the Company's commercial concerns, is undoubted; that in some respects it would have been less so, must be admitted; for, in addition to what has been quoted on this subject from the speeches on opening the budgets, it is of importance to recollect, that the Directors of the East India Company, in their third report on the trade, 1802, express "a clear "unequivocal conviction, that it will be impossible for the Legislature, by any regulation "whatever, to bring to the river Thames, in "time of peace, the same quantity (in bulk and "value) of the produce and manufacture of "India, which has been brought in time of war."

It is, however, evident, that the large additions, made at an early period after the arrangement in 1793, to the establishments, civil, judicial, and military (the last of which became more efficient, as the extension of our conquests rendered the

enlargement of our army necessary), would alone account for the complete failure in accomplishing the various objects to which the profits of the Company were appropriated *.

* Formerly a battalion of native infantry, composed of ten companies, was commanded by a European officer, with the rank of captain, having a European lieutenant at the head of each company. Now, each regiment has of European officers one colonel, two lieutenant-colonels, two majors, seven captains, one captain-lieutenant, twenty-two lieutenants, and ten ensigns. It is evident, that the expence of this arrangement must be great in proportion to the number of our troops; some idea may be formed of the enormous expenditure to which it has given rise, by reflecting that Lord Castlereagh, in 1803, made the following calculation of the peace establishment necessary for the security of our extended possessions:

Europeans, - -	25,000
Regular native troops, - -	90,000
Invalids, irregulars, and Lascars, -	10,000
Total,	125,000

Let those who think the enormous increase of expenditure necessary, which this alteration of establishment, extended to so large an army, must occasion, recollect, that Lord Clive, at the battle of Plassy, was a lieutenant-colonel, with only one major in his army; and that Sir

If it was true, therefore, that, notwithstanding these additional expences, there had taken place an improvement in the Company's real efficient means, to the amount of L. 11,880,000, as stated in 1800, and repeated in 1801, it could only strengthen the presumption of mismanagement, when it appeared that, with such ample funds, all the objects, to the attainment of which the faith of Parliament was solemnly pledged, had remained completely neglected.

But the Directors in Leadenhall Street entertained, even at this time, a very different view of the concerns. Of their partiality to the per-

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Hector Monro, himself a major, had only one field-officer under him at the battle of Buxar.

It was the measure of introducing King's troops in such numbers, originating with the Board of Controul, and opposed by the Company, that gave rise to the complaints which rendered this expensive change of system necessary.

The circumstance of the Company's having formed an establishment in India for breeding horses for the use of their army, and an establishment in England for breeding stallions to send out to India, is, comparatively speaking, of trifling importance; and it is only mentioned, as illustrating the wasteful disposition of seizing every pretext for increasing establishments.

son whose statements have been quoted, and under whose controul they had so long acted, the grant of a large pension out of the Company's funds, exhibited proof too substantial to leave any possible doubt *; it could, therefore, only be a feeling of duty, imposed on them by their knowledge of the subject, and a conviction of the truth of what they advanced, that induced them, in the following view of the Company's affairs, in opposition to these details, so strongly to ex-

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* A pension of L. 2000 per annum appears, by a list of pensions granted by the East India Company, laid before Parliament 1806, to have been given to Lord Melville 11th of February 1801.

From this list we learn, that the Company have exercised the uncontrouled right of giving pensions at their discretion.

In 1806 the pensions granted since 1793 amounted to L. 30,750. Since that, there has been added as follows:

1806, - - - -	L. 4180
1807, - - - - -	4504
1808, - - - - -	4330

It appears also, by accounts laid before Parliament, that there had been given away, under the head of gratuities and presents at home, not including presents given in India, up to the year 1806, the following sums:

press their opinion of the fatal effects of the management that had been pursued.

"In the year 1783, Mr Dundas took upon "himself the administration of Indian affairs; and, "therefore, we will venture to make a comparison "between the period of distress in which he be- "gan his administration, and the state in which "he has left the Company's affairs, on retiring "from office.

"The report of the Court of Directors, dated "the 23d January 1784, and laid before the "House of Commons (which was approved and

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From 1st Jan.	1794	to 1st Jan.	1795,	L. 11,204	0	0
Ditto	1795	ditto	1796,	16,709	12	6
Ditto	1796	ditto	1797,	77,086	6	6
Ditto	1797	ditto	1798,	11,971	2	6
Ditto	1798	ditto	1799,	15,836	5	6
Ditto	1799	ditto	1800,	34,445	12	6
Ditto	1800	ditto	1801,	25,923	1	11
Ditto	1801	ditto	1802,	15,158	10	0
Ditto	1802	ditto	1803,	10,295	19	9
Ditto	1803	ditto	1804,	27,962	8	3
Ditto	1804	ditto	1805,	92,283	8	5
Ditto	1805	ditto	1806,	20,059	11	9
				L. 358,935	19	7

" defended by Mr Dundas), states distinctly the " revenues and debts of India, according to the " last accounts which could be obtained at that " period.

" The net revenue of India, exclusive of the profit on salt and opium, was - -	L. 1,091,546
" The salt and opium, although they have produced much more, was at that time estimated at only - - -	400,000
" Net *surplus* at that time,	L. 1,491,546

" This surplus was subject to charges, and " particularly to the interest of the debts in India. The salt and opium are estimated at no " more than L. 400,000, but produced, for an " average of above twenty years, L. 800,000 per " annum.

" By the accounts laid before the House of Commons the 5th of May 1801, the surplus net revenue was - - -	L. 664,397
" It appeared, at the same time,	
Carry over,	L. 664,397

Brought over,	L. 664,397
" that the interest upon debts bear- " ing interest was - -	1,082,204
" Leaving a deficiency of	L. 417,806

" Your Committee are aware that the defici- " ency is much larger, not only from addition- " al interest on debts, but for expences which " are not included."

" If objections are made against this compari- " son, there can be none when a comparison is " made between different periods of Mr Dun- " das's own administration. In 1793, on the " renewal of the charter, the Directors estimat- " ed the final surplus in India, as applicable to

" investment, to be - -	L. 1,409,127
" Deduct the proceed of the " Europe exports - - -	350,000
" Remains a political surplus of	L. 1,159,127

" It is true that Mr Dundas objected to this " estimate, which, in his opinion, was much too " low; but if to that sum shall be added the " present deficiency of L. 417,807, there will " appear against the Company, in their annual " political income, a difference of a million and

" a half, which may easily be swelled to two " millions Sterling annually, when the arrears " of debt are funded, and bear an interest.

" The differences of opinion which may arise " on the question of income, in consequence of " the numberless details necessary for the pur- " pose of forming an estimate, cannot exist on the " subject of debts which are comprised within a " few lines. By the returns alluded to before, " the debts at the three Presidencies were stated, " the 23d January 1784, L. 4,521,685.

" At that time there was a large arrear not " known in Europe, the exact amount of which " it is difficult to ascertain; but suppose that it " swelled the debt to L. 10,000,000.

" In the letter from Mr Dundas, and in the " budget which he delivered in the House, the " debt in India is admitted to be L. 14,432,717.

" A very considerable augmentation has been " ascertained, by the advices received by the " Georgina packet."

That the increase of assets is not, in this statement, held out as balancing the augmentation of debt, can hardly be supposed to proceed from inadvertency in the Directors, or from ignorance

that this was the device by which Parliament was made to view the Company's affairs in a flourishing state, even in the moment of impending difficulties.

As merchants, their habits never could lead them to regard an unusual and increasing accumulation of goods on hand, or of doubtful debts due to the Company, as symptoms of mercantile prosperity; it was impossible, therefore, they should have thought of stating these circumstances as a satisfactory set off against a growing load of debt, at exorbitant interest, which threatened them with ruin.

Besides, in considering that favourable representation of the result of the management which they were criticising, the act of Parliament establishing the system must have attracted their attention. In it there was to be found a minute appropriation of a large and increasing free revenue, and provisions for the diminution of the comparatively small debt which the Company then owed. But the increase of assets was, by the Legislature, unnoticed and unprovided for; they therefore must have naturally looked, in estimating the merits of the management, to the objects proposed to be attained; and they could not draw

a favourable conclusion, on finding the debt, the diminution of which was anxiously provided for, extravagantly increased, and a great surplus of charge, instead of that surplus of free revenue, on the existence of which the whole regulations had been founded.

These important observations of the Directors seemed at least calculated to inspire the person, on whom the duty of superintending the Company's affairs next devolved, with a little caution in forming the annual statements submitted to Parliament. On him, however, it will be found, from the abstracts of the budgets for the three following years, that they produced no such effect *; for throughout his official career, he uniformly displayed the same inclination to embellish the state of the Company's affairs he had already shown, when, in recommending the Union to the Parliament of Ireland, he described the tender of a partition of the L. 500,000, annually payable by the East India Company to the Exchequer, as a high effort of British generosity, and flattered the

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* Lord Dartmouth held the office for a short time, during which no statement was made to Parliament. He was succeeded by Lord Castlereagh, the person here alluded to.

people of Ireland, that they would thus immediately acquire L. 58,000 a-year in aid of their burdens *.

1802.

Abstract of the Accounts, shewing the amount of profit and loss, and the state of the assets and debts, for the year 1801 in India, and 1802 at home.

Assets.		Debts.	
In India,	L. 12,113,922	In India,	L. 17,674,532
At home, - -	16,802,760	At home, -	4,822,683
Total,	L. 28,916,682	Total,	L. 22,497,215

Profit and loss on the Company's affairs since last year :

Decrease in India, - - - - - - -	L. 2,489,761
Deduct increase at home, - - - - - -	1,969,330
Remains loss,	L. 520,431
Add loss at China and St Helena, - - - -	187,042
Total loss,	L. 707,473

Improvement in the Company's affairs since the year 1793.

Gain, as stated in the abstract 1801, - -	L. 4,002,412
Deduct loss as above, - - - - - - - -	707,473
Remains gain,	L. 3,294,939

* See Plowden's Historical View of the State of Ireland, Vol. ii. part ii. page 1007.

Extract from the speech in which this statement was introduced:

After explaining the grounds upon which it was conceived that there would be in India a clear surplus of L. 1,053,582, all charges defrayed, it is said, "I have, in the former part of my speech, "observed, that the result of the estimates for "1801-2 was better than the result of the actual "accounts of the year 1800-1 by L. 634,000. "From what I have now stated of the estimate "for 1802-3, it appears, that an improvement "beyond the estimate of 1801-2 may be expected, of L. 1,754,000, making, upon the comparison of the years 1800-1 and 1802-3, an improvement on the balance between revenue and "charge, of no less than L. 2,388,000. The "increase on the former year was before explained. It is necessary now to state, generally, "the principal causes which have led to the great "amelioration in the latter year. They are as "follows, viz. *reduction, civil and military, on* "*the peace*, L. 783,000. The residue arises "from the increase of the revenues from the "Carnatic, the late cessions in Oude, and those "from the Nizam. There is also a considerable

"increase under the heads of customs and "salt.

"Having thus briefly laid before the Committee the present state of the Company's revenues "and charges abroad, it is impossible that their "attention should not be directed to the individual under whose auspices these resources have "been brought into action. It is unnecessary "for me to recal to the recollection of Parliament "the services of Marquis Wellesley; they have "been too distinguished ever to be forgotten: "but I should do injustice to my own feelings, if "I did not take this occasion of declaring, THAT, "MARKED AS THE WHOLE COURSE OF HIS "ADMINISTRATION HAS BEEN, BY BRILLIANT "AND IMPORTANT ACHIEVEMENTS, BY NO "FEATURE WILL IT STAND ULTIMATELY "MORE DISTINGUISHED, THAN BY THE SOLID "FINANCIAL PROSPERITY RESULTING FROM "HIS MEASURES."

The home accounts are next considered, and the result of both is thus stated: "Adding the "profits at home to the Indian surplus above "stated, the whole furnishes a disposable surplus "as follows:

" Indian surplus,	- -	L. 1,053,582
" Interest on debt redeemed,	-	80,000
" Surplus at home,	- -	400,000
		L. 1,533,582

" After defraying all charges; liable to the ap-
" propriations directed by the act of 1793."

It is then remarked, that the Company will in future have ample means of paying the annual sum of L. 500,000 to the public; a long dissertation is given upon a plan for disposing of the remainder, by which, at the termination of the Company's charter in 1814, it is made out that, after paying L. 500 in each year to the Exchequer, and L. 350 additional dividend to the proprietors, they will have a guarantee fund to the extent of L. 9,486,000.

This calculation proceeds on the supposed continuance of peace; but it is declared that " with our " present prospects with respect to revenue, the Indian surplus would more than cover the extra- " ordinaries of a war expenditure;" and, after an examination of the amount of the excess of revenue, that, even on the supposition of war, would remain for the discharge of debt, the whole is summed up as follows:

" The result, either in peace or war, may be " thus stated: in peace, the Company, after " paying L. 500,000 to the Exchequer, may ap- " propriate two millions a-year to the reduction " of debt: IN WAR, the public must be prepar- " ed to forego their participation; but *the Com-* " *pany may*, nevertheless, *partly from surplus* " *proceeds, and partly from other funds, appro-* " *priate one million annually to the reduction of* " *debt.*

" What I have stated will, I trust, relieve the " Committee from all apprehensions on the " subject of India. They will recollect the " gloomy predictions that prevailed during the " war, in respect to our possessions in that quarter " becoming a charge upon the mother-country; " and they will also call to mind the repeated " declarations of a noble friend of mine (Lord " Melville), that the empire would lean on India, " before India would require support from the " empire. These declarations, received by many " with distrust at the time, have now been ful- " filled; and the result is only one, among the " many proofs, of my noble friend's *deep know-* " *ledge and accurate judgment.* THE WHOLE

"OF OUR INDIAN EMPIRE, IN ITS GOVERN-
"MENT, AT HOME AND ABROAD, *forms a proud*
"*monument of his official labours.*"

1803.

Abstract of the Accounts, shewing the amount of profit and loss, and the state of the assets and debts, for the year 1802 in India, and 1803 at home.

Assets.		Debts.	
In India,	L. 13,372,741	In India,	L. 19,965,739
At home, -	17,440,593	At home, -	4,773,886
Total,	L. 30,813,334	Total,	L. 24,739,625

Profit and Loss on the Company's Affairs since last year:

Decrease in India, - -	L. 1,032,389
Deduct increase at home, - -	686,630
Remains,	L. 345,759
Add Loss at St Helena, - - -	927,121
Total loss,	L. 1,272,880

Improvement in the Company's Affairs since the year 1793:

Gain, as stated in the abstract 1802, -	L. 3,294,939
Deduct loss as above, - - -	1,272,880
Remains gain,	L. 2,022,059

1804.

Abstract of the Accounts, shewing the amount of profit and loss, and the state of the assets and debts, for the year 1803 in India, and 1804 at home.

Assets.		Debts.	
In India,	L. 14,630,971	In India,	L. 21,881,572
At home,	19,168,736	At home,	4,788,865
Total,	L. 33,799,707	Total,	L. 26,670,437

Profit and loss on the Company's affairs since last year:

Increase at home, - - - - - - - - -	L. 1,713,164
Deduct decrease in India, - - - - - - - -	657,602
	L. 1,055,562
Deduct loss at St Helena, - - - - - - - -	325,988
Gain,	L. 729,574
From this however must be taken value of cargoes arrived in England, included in quick stock there, which, under the head of cargoes afloat, were included in the home assets	417,000
	L. 312,574

Improvement in the Company's affairs since the year 1793:

Gain, as stated in the abstract 1803, -	L. 2,022,059
Gain, as above, - - - - - - - - - -	312,574
	L. 2,334,633

The speeches by which the two preceding statements were introduced, have already been referred to, in so far as they sanction and approve the conduct of the Indian government in effecting the revolution in the Carnatic, and in accomplishing the arrangement with the Nabob of Oude, by enforcing the execution of the treaty concluded in November 1801 *.

The general observations they contain, in relation to the Company's financial concerns, are confined to a display of the exertions made by the Directors, after the renewal of the war in Europe, to forward the plan for facilitating the discharge of India debt, by enlarging the remittances from Great Britain.

That this measure has accelerated the crisis of embarrassment in the Company's affairs at home, cannot be disputed; but this is neither the sole nor the most important consideration it suggests.

The plan of relieving the Company's difficulties, by contracting debt at home for the purpose of discharging debt in India, or of transferring the

* See pages 37 and 62.

debt that bears a high interest in the East to Europe, where, with the assistance of government, money might be borrowed at a much lower interest, calls for attention, from the marked approbation with which it has been officially and repeatedly alluded to.

It requires only the application of a common rule of arithmetic, to discover, that the commutation of the debt in India, when it amounted to sixteen millions, bearing an interest within a fraction of nine per cent. into a debt in Europe of equal amount at five per cent. would in figures present a saving of L. 678,000 a-year *.

But how such an operation will ultimately affect, either the concerns of the Company or the prosperity of the country, is a problem of more difficult solution; and it is a question of such infinite importance, at a time when the debt due by the Company in India amounts to thirty-two millions, of which upwards of seventeen are transferable at the option of the cre-

* This is the statement made in Lord Castlereagh's speech, 14th March 1803.

ditors, that it cannot be passed over without examination *.

To illustrate the true and precise effects of this measure of transferring Indian debt to Europe, let us suppose that a debt of ten millions, bearing an interest in India of eight per cent. should be removed to England, where the creditors were willing, on receiving the joint security of government, to accept of five per cent.

The first and obvious consequence of such a measure is, that the payment of L. 500,000 interest to the creditors, instead of L. 800,000, apparently secures to the debtor a saving of three hundred thousand a-year.

But as the Company have no funds in England for the payment of this L. 500,000, and as it cannot be intended that an addition should be made to the burdens of the people of this country

* Amount of debt payable in England, at the option of the holders of the securities, 3d of June 1806, which is probably considerably increased since that period.

Decennial loans, at 10 and 8 per cent. -	L. 3,82,07,626
The loans at 8 per cent. - - - - - -	13,45,88,233
Ditto at 6 per cent. - - - - - - -	28,75,763
	C. Rs. 17,56,71,622

for the purpose of accomplishing it, it is to be considered, on what terms the Company can procure the five hundred thousand pounds necessary to discharge the interest that would become due in England. The funds out of which the eight hundred thousand a-year was paid, antecedent to the transfer, are in India. Such a portion, therefore, of these funds, as is necessary to realize five hundred thousand pounds in England, must be remitted from thence; and as in India there is an impossibility of getting bullion for the continued remittance of so large a sum, it must be conveyed in commodities, the produce or manufacture of that country.

On the comparative value in India and in Europe of the goods employed to make this remittance, must therefore depend the benefit the Company will ultimately derive from the measure.

If commodities, sufficient to bring five hundred thousand at the sales in England, can be had in India, at so low a price, that the difference will cover the expence of freight, insurance, port-charges, warehouse room, interest for the sum laid out, and duties payable to government, three hundred thousand pounds will undoubtedly be the

saving resulting to the Company from such a transfer.

But if the comparative value of goods in India, and the sales of Europe, should be such as to require eight hundred thousand pounds to purchase in India a quantity sufficient to produce in England a sum large enough to discharge the five hundred thousand pounds of interest, and to defray all the expence attending the purchase, the sale, and the importation, then, notwithstanding the apparent saving the transaction at first sight exhibits, it would be attended with neither profit nor loss.

It is further obvious, that if by any means the price of articles sent from India should be reduced in Europe to such a degree as to demand an expenditure of nine hundred thousand pounds in the East, to acquire what would enable the Company to realize five hundred thousand in England, after defraying all expences, the supposed transaction, instead of producing a gain, would in reality occasion a loss of one hundred thousand a-year.

It is certain, too, that the measure has a tendency to defeat the benefits it proposes, by depressing the value of India goods in the European market. For if the debt in India was so inconsiderable, that

its transfer to Europe threatened only the necessity of a small additional importation of goods, there might exist a doubt how far that circumstance could of itself affect the value of Indian imports, so as to counteract the benefit from the reduction of interest. But those who so sanguinely describe the advantages likely to arise from such a transfer, ought to recollect the amount of Indian debt, and to reflect on the diminution of price, which must be occasioned by pressing on the market an additional quantity of commodity, sufficient to cover even the interest of any considerable portion of the immense sum due.

To the East India Directors the consequences of such a proceeding must be evident. The effects of importing a greater quantity of goods than the market requires, is familiar to them. In their answer to the memorial of the clandestine traders, in 1793, they expressed their astonishment that it could have escaped the memorialists, that the price of every commodity, the demand remaining the same, diminishes in proportion as the quantity increases. They there illustrated this well known truth, by stating, that "the week "following the arrival of the Ganges, the Com- "pany's raw silk was sold for above twenty

"thousand pounds less than what the silk would "have sold for if the ship had not arrived;" and they asserted that "it had frequently hap-"pened, that the Company had sustained im-"mense losses, in consequence of offering for "sale a very small quantity of goods more than "what the demand required*."

These remarks are hitherto confined to show, that there may exist a loss in consequence of a transfer of India debt, by the remittance of the reduced interest, greater than the benefit the reduction presents. But this is not the only aspect in which the subject must be viewed, to convey an accurate idea of the ultimate consequences to the interest of the Company, arising from the transfer of India debt to Europe.

In the present situation of their affairs, it must be an object with those who have the management of them, gradually to redeem the principal of any debt transferred, by means of a sinking fund, as well as to discharge the interest of it.

It has already been observed, that if the com-

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* See No. 3, papers respecting the negotiation for a renewal of the East India Company's exclusive trade, p. 46.

parative value of piece-goods in the East, and at the sales in Europe, was such as to require L. 800,000 to purchase goods capable of discharging in England the L. 500,000 interest, and of covering all the expences of conveyance, then the Company would neither gain nor lose by the supposed transfer of a debt of ten millions, bearing eight per cent. interest in India, to Europe, where interest at the rate of five per cent. was paid.

Far different, however, must be the consequence of this situation of things, in regard to that portion of the Company's Indian funds, which is destined to be remitted for the discharge of the debt.—For, in the first place, it is evident from the terms of the hypothesis assumed, that the sum which would be necessary to discharge five hundred thousand pounds of the debt transferred to England, would have liquidated to the extent of eight hundred thousand, if it had remained in India.—In the second place, every person, who is in the least conversant in these subjects, knows how much more rapidly any given sum, applied to the redemption of ten millions at eight per cent. must effect its object, than when applied to the dis-

charge of a similiar debt, bearing an interest of five per cent.

As far as the Company's interests are concerned, these are the outlines of the real principles by which the measure of transferring Indian debt to England must be estimated.

How such an operation will affect the manufacturing interest at home is a very different question, and one which suggests considerations so interesting to the welfare of the country, that it is impossible not to regret the cursory manner in which it must be here examined, where it is only incidentally to be discussed.

The nature of the communication betwixt any two countries which a remittance trade (if trade it can be called) creates, has already been in some degree touched upon. It has been explained how, unlike all other commercial transactions, it is neither regulated in its amount by demand, encouraged by an increase of profit, nor discouraged by extraordinary loss, and that it is the amount of the sum which of necessity must be realized, that, without regard to profit, exclusively regulates the extent of the transactions of those who are compelled to conduct it.

But the consequences of one country being tributary to another to a large extent, and of a great annual remittance without any return, was some years ago far more fully investigated, in a short tract, on the system pursued of borrowing in England for the service of Ireland *.

On that occasion, the effects of such a remittance, on the industry of the country that receives it, was minutely explained and exemplified, by showing how completely the agriculture of Italy was destroyed, and the value of land diminished, by the remittance to Rome of the tribute collected in the conquered provinces, and of the private fortunes amassed by those who were sent to govern them: which, in the existing state of industry in the Roman provinces, could only be conveyed in grain.

The similarity of the situation in which India will be placed, in relation to this country, when, by the transfer of debt, in addition to the expected

* The pamphlet here referred to, was published in the year 1805, and is intituled, Hints to the Manufacturers of Great Britain, on the consequence of the Irish Union, and the system since pursued, of borrowing in England for the service of Ireland. By Lord Lauderdale.

tribute, and the fortunes amassed by individuals, a necessity is created for such extended remittances from the East, is too obvious to require explanation.

The nature of Indian industry, indeed, precludes any apprehension of direct injury to our agriculture by a forced importation of grain. But our manufacturers must be blind to their own interests, if they feel no alarm at such a scheme, when they reflect, that India has always been famed for the manufacture of piece-goods, and that this is now the only article of which the Company have retained their monopoly *.

Under such arrangements, all that skill and dexterity in the application of machinery, which has latterly enabled them, in excellence and in cheapness, successfully to rival the articles of Indian fabric in every market, abroad and at home, can avail them nothing. For the quantum of bounty given to the purchaser, or what is the same thing, the loss on manufactures imported from India in consequence of this operation, is not fixed or

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* See paragraph 12th, as approved and amended by the Board of Commissioners, of the dispatch sent to India in 1802, on the subject of the private trade.

decided. It must vary as their industry and ingenuity creates a necessity for augmenting it; and regulate itself, through the means of the sale prices, to the exact amount of what is necessary to force the produce of British industry out of the market, till it secures the consumption of a sufficiency of Indian manufacture, to enable the Company to realize what will be necessary, in addition to any tribute that economy may produce, to pay the interest, and sinking fund for the redemption of the transferred debt.

It is true, the quantity of India piece-goods exposed for sale, has been of late years gradually diminished, and the small quantity disposed of has brought a very inferior profit. It is true, that our best informed manufacturers have declared this change to proceed from the interference of British goods, which they think is likely to continue with increased effect*; an opinion which is strongly confirmed by the state of the sales, during the late short interval of peace.

It is certain also, that, even in the American market, before the late interruption of our trade

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* See examination of Sir Robert Peele, and of Mr Brown, note, page 177.

with that country, it was, of articles made of cotton brought from India, only those containing a great quantity of the raw material, that could successfully enter into competition with what was fabricated in Great Britain.

All this, however, affords no consolation, for the cruel state of things to which the artificial arrangement of property, by the transfer of debt, and the necessity of remittance, must give rise, makes it impossible that any degree of skill can give security to our manufactures, as the sale prices of Indian commodities must be reduced, till, to the injury both of the Company and the country, a sufficient quantity is forced on the European market, to produce the sum that must be realized.

These short hints seem sufficient, at least to create a suspicion that this measure, of transferring Indian debt to Europe, has been very lightly considered, when it has so frequently, not to say flippantly, formed a subject of applause; indeed, they seem even to justify the conclusion, that it is desirable, if not necessary, to give to Indian industry a direction, which may secure its not entering into competition with British industry, be-

fore such a measure can be looked forward to without extreme apprehension.

1805.

Abstract of the Accounts, shewing the amount of profit and loss, and the state of the assets and debts, for the year 1804 in India, and 1805 at home.

Assets.		Debts.	
In India, -	L.17,252,399	In India,	L. 25,336,263
At home, -	20,412,659	At home, -	6,012,196
Total,	L.37,695,058 *	Total,	L.31,348,459

Profit and Loss on the Company's affairs since last Year :

Decrease in India, - - - -	L. 833,264
Deduct gain at home, - - -	50,592
Remains,	L. 782,672
Deduct gain at St Helena, - - -	443,478
Total loss,	L. 339,194

Improvement in the Company's affairs since the year 1793 :

Gain, as stated in the abstract, 1804,	L. 2,334,633
Deduct loss, as above, - - -	339,194
	L. 1,995,439

* In these abstracts, the balances, sometimes for and sometimes against, at China and St Helena, have been uniformly omitted, in stating the amount of assets and debts.

The candour and the talent displayed in introducing this statement to Parliament, deservedly attracted universal praise. For the first time the language of truth was heard from the Board of Controul, unaccompanied either with exaggerated representations of the effects of past management, or inflated prophecies respecting the result of future accumulations.

Without giving way to unmanly feelings of despondency, the perilous situation of the Company's affairs was explained; the necessity of an early investigation into the means of alleviating their financial difficulties was enforced; and the intention was announced, of bringing the subject before Parliament, the moment the arrival of the necessary documents from India would permit *.

With this statement, however, the practice, so uniformly applauded, of giving to the public through Parliament, an annual account of the Company's affairs, seems to have terminated. And here it is impossible not to observe, that even then, when the accounts abroad were only brought down to 1803-4, and at home to 1805, admitting the accuracy of all these annual state-

* See Lord Morpeth's Speech, 10th July 1806.

ments, the result appeared most calamitous; for they in truth displayed a failure in every object, to secure the attainment of which, the Board of Controul may with justice be said to have been appointed as trustees.

It was, (as the Directors of the East India Company have observed,) with strong expressions of his sense of the exertions, and of the weight of responsibility it involved, that the author of the system in 1801 declared, he would meet the Indian debt, when it was supposed to amount to fourteen millions. What then must have been his feelings? What could the public fairly infer, when, in 1805, they learned that the debt in India, which, in the act 1793, is stated at seven millions, and for the reduction of which to two millions Parliament had so carefully provided, was extended to the enormous sum of twenty-five millions.

Generally speaking, the apology for extravagant expenditure, and for a great consequent debt, has been found in the attainment of some object, conceived to be interesting to those who were to be burdened with it; but, unfortunately, no such consolation is to be derived from these statements. On the contrary, it is impossible to

consider them with the least attention, without perceiving, that the disappointment of the hopes the public were taught to entertain, far from being limited to the circumstance of an increase of debt, was extended to every object the act seemed to regard, as connected with the welfare of the Company or the advantage of the country.

For, from these annual details we learn, that, wtth the exception of the sum of five hundred thousand pounds, (the reasons for advancing which, in 1794, have been already adverted to*,) the public had received no part of the projected contribution in aid of our revenue, a share of which, at the time of the union with Ireland, was so generously imparted to our sister kingdom; whilst the fund to be accumulated, till it amounted to twelve millions, appropriated as a security to the proprietors, for the repayment of their capital stock, at the rate of two hundred per cent. had remained unthought of.

But what is infinitely more calamitous, it seems to have been for several years avowed, that the surplus revenue in the East, the vivifying principle of the act 1793, had disappeared, and given

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* Page 181.

way to a large surplus of charge, annually increased by the practice of borrowing, for the purpose of keeping up the commercial investment, to supply the Treasury at home.

In short, by these budgets, (as they were called), annually printed by authority, the public were informed, that, with the exception of the dividend to the proprietors, the whole of what may be called the pecuniary arrangements of the act remained unsatisfied, and that the fund, which was always considered as furnishing the only means of fulfilling them, had for years disappeared.

It is true, they exhibited an ostensible gain arising from the Company's general concerns, betwixt the year 1793 and 1805, amounting to nearly two millions; but it is impossible for any one, the least conversant with the subject, not to perceive, that this appearance of a favourable balance was produced, by taking credit for a claim on the public to the extent of upwards of four millions, which, by a special commission, to whose consideration it was referred, had been reduced to a sum little exceeding two millions. Besides, the debt due to the creditors of the Nabob of Arcot, and Rajah of Tanjour, which

the Company were by treaties bound to discharge, were overlooked; and after all it was avowed, that more than twice the apparent balance would be disposed of, by the probable loss during the two ensuing years, estimates of which formed part of the last statement *.

If, however, the ostensible profit had been far more considerable, and if, instead of being attended with an estimate of great future loss, this statement for the year 1805, had, like those which preceded it, held forth hopes of future gain, the frame of these accounts was alone sufficient to create diffidence in the justice and accuracy of any result they could possibly exhibit.

On the slightest examination, it is apparent, that, throughout, the diminution the growing debt

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* The estimated surplus charge, for 1804-5, was stated at the sum of L. 1,734,184. It was however accompanied with a declaration, that doubts, infinitely too well founded, were entertained concerning its accuracy; and it was inferred, from the estimate 1805-6, amounting to L. 2,651,939, that it would probably be more considerable, without adding any thing to it; however, upon this ground, the deficiency for the two years appears to have been calculated to amount to L. 4,386,123.

must have produced on the annual balance, was uniformly counteracted by a still more rapid increase in the supposed value of assets. It is evident, therefore, that a true and accurate account of the Company's situation could only be obtained by an inquiry into the real value of that mass of assets, for which credit was annually taken as property that could be made available.

Neither could there exist the least doubt of the unfavourable result of such an inquiry, the moment it was known that this enormous list of assets, in value amounting, in 1805, to upwards of thirty-eight millions, included stores sent abroad for consumption—goods in the warehouses, both in India and at home, whether saleable or unsaleable,—and all debts without discrimination for which the Company had claims*.

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* In the general course of mercantile transactions, it is understood, by men most practised in the consideration of the probable result of the affairs of those who labour under temporary embarrassments, that it is a large calculation, even in narrow transactions, to suppose that the creditors of those whose books exhibit a power of paying twenty shillings in the pound, will ultimately receive fifteen; and experience shows, that, in proportion as the scale of dealing is extended, the ratio of loss increases.

Even at this period, therefore, it was apparent, that the impression which would inevitably ensue from a minute examination of the concern, must be fatal to the system pursued, whether the Company was considered as a society of merchants, united for the purpose of gain, or in its capacity of sovereign of an extended empire.

For it would be a melancholy account of a merchant's affairs, to state, that though his effects exceeded the amount of his debts, yet his books for a length of time showed a gradual diminution of the great profits he had formerly acquired, and that the balance latterly exhibited an annual loss on his transactions. But if it farther appeared, that his assets or effects consisted either of doubtful debts, or of commodities that could not be made available to satisfy the demand of creditors, in receipt of exorbitant interest, is there any mercantile man who would hesitate in pronouncing his affairs in a ruinous state?

On the other hand, could there be presented to the eye of a financier a stronger proof of mismanagement, than what is displayed by a rapidly increasing receipt, attended with a surplus of expenditure, instead of a great surplus of revenue,

which the Company formerly enjoyed, when its income was comparatively small?

The fatal effects of accumulated mismanagement was, however, comparatively speaking, only then beginning to display itself; and the prospect of impending calamity was easily obscured, under cover of the veil which, in complicated transactions, varied statements of accounts can always afford.

In Parliament, the account intituled stock per computation, was relied on by those who wished to impress the public with a favourable view of the concerns, as showing the whole state of the Company's affairs, at home and abroad, and as exhibiting a balance in its favour to the amount of six millions, one hundred and eighty-one thousand, two hundred and sixty-seven pounds, proving by this means the Company, "contrary to "all unfavourable insinuations, to be solvent *."

If, however, the Company's solvency was so clearly and decidedly to be inferred from the favourable balance this account at that time exhibited, by what sophistry can those who relied on this circumstance, now dispute that sen-

* See Mr Grant's Speech, July 15th 1806.

tence of insolvency which their reasoning so clearly justifies, when they review the following state of the balances, the annual accounts of stock per computation have since displayed?

1805, Balance in favour of the Company,		L. 6,181,267
1806, Do. in favour of ditto,	-	4,058,969
1807, Balance against the Company,	-	836,276
1808, Do. against ditto,	- -	4,533,153

Yet in India these were not years of war: the war in which we were there engaged terminated in the year 1805; and the public, who had been told, in 1803, that a million annually would be appropriated to the reduction of the debt, notwithstanding of warfare in Europe *, were flattered that, by economical arrangements, a large surplus revenue would, in the event of peace in India, almost immediately become disposable. We have since, however, experienced, that these assertions have shared the fate of all the other prophecies concerning the Company's prosperity, as even last year the estimates from India, exhibited the probable excess of charge to be greater than the net territorial revenue the Company possessed in 1793.

* See Lord Castlereagh's Speech, quoted page 229.

Of the opinion which the Directors must entertain concerning the present situation of the Company's affairs, their comparative statement, at the conclusion of Mr Dundas's administration, leaves little doubt. They then observed, that "the differences of opinion that may arise on "the question of income, in consequence of the "numberless details, could not exist on the "subject of debts which might be comprised "within a few lines *."

If they now resort to the criterion, which they then selected, what must they think of the merits of that system under which the debt in India has been increased to the extent of thirty-two millions?

But, in truth, the general situation of the Company now admits only of being contrasted with what it was in 1793. Comparison implies a degree of resemblance that can no longer be traced. Their Indian commerce, which was then stated to be highly profitable, is now confessed to be attended with a loss†. Instead of a net revenue of one million and fifty thousand pounds, arising

* See page 218.

† See note, page 168.

from their territorial possessions, the estimate 1807-8, exhibits a probable deficiency of one million and fifty-nine thousand; and the debt in India has, since 1793, increased twenty-five millions; for that is the difference betwixt seven millions, the sum recited in the act 1793, and thirty-two millions, which is nearly its present amount*.

To those who extend their view of the Company's affairs to the year 1803-4, when the

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* The total failure in the prophetic appropriations of the act 1793, may be stated as follows:

The debt in India was to have been reduced to two millions. It is now thirty-two; there is therefore a disappointment to the extent of - - -	L. 30,000,000
The bond debt at home was to have been reduced to fifteen hundred thousand pounds. But the Company have obtained powers to issue bonds to the extent of five millions, which must, by their own statements, have been issued. Difference - -	3,500,000
The public, who, at the rate of five hundred thousand a year, would have by this time received seven millions five hundred thousand, have only received five hundred thousand, - - - - -	7,000,000
Carry over	L. 40,500,000

charge first devolved on the Board of Controul, the loss which, under this system of management, has been sustained, must appear still more extraordinary.

On the 15th November 1803, the account of stock per computation, made up according to the latest advices, displayed a balance in the Company's favour to the extent of three millions, nine hundred and sixty-eight thousand, four hundred and eighty-one pounds; the proprietors have since paid in, of additional capital, four millions, nine hundred and eighty thousand, mak-

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Brought over,	L. 40,500,000
The accumulated fund was to have amounted to twelve millions, towards which nothing has yet been advanced, -	12,000,000
Total,	L. 52,500,000

Large as this sum may appear, it does not mark the full extent of the disappointment the public have sustained in the expectations they were taught to form; for, by the act 1793, after all these objects were accomplished, the nation was to have had the benefit of the accumulated fund remaining in the Exchequer, without interest; the proprietors, after it amounted to twelve millions, were to have had an additional dividend; and the public were flattered with further aid to the revenue.

ing together the sum of eight millions, nine hundred and forty-eight thousand, four hundred and eighty-one pounds.

To all this must be added the balance against the Company, 1st March 1808, of four millions, five hundred and thirty-three thousand, one hundred and fifty-three pounds; so that the Company, taking for granted the accuracy of the accounts they have delivered to Parliament, appear to have lost, under this system of management, the enormous sum of thirteen millions, four hundred and eighty-one thousand, six hundred and thirty-four pounds *; that is, the sum of one million, two hundred and eighty-one

* Stock per computation, Nov. 15th 1803, balance in favour, -	L. 3,968,481
Received by the Company in 1798, for eight hundred thousand of increased capital, at 155, - - -	1,240,000
Ditto 1789, one million, at 174, -	1,740,000
Ditto 1793, one million, at 200, -	2,000,000
Stock per computation, 1st March 1808, balance against, - -	4,533,153
Total loss since 15th November 1793,	L. 13,481,634

thousand, six hundred and thirty-four pounds; more than four times the amount of their capital stock when the Board of Controul took the charge of it; for at that time the proprietors had only advanced the sum of two millions eight hundred thousand pounds.

Such is the sad reverse the Company's finances have experienced under the system of government, which, a short time ago, it was generally believed would be prematurely prolonged.

Should this intention be renewed, the person who is still Secretary for the War Department will, in the course of the discussions that must take place, have some difficulty to make the public discern, in the state of almost avowed bankruptcy to which the Company is now reduced, the solid financial prosperity which, in the year 1803, he declared would ultimately form the most distinguished feature of Marquis Wellesley's admi-

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It may be said, that many objections were advanced against the account in 1783, which exhibited the balance of L. 3,968,481; but all the reasons at that time assigned for diminishing this balance in the Company's favour, will apply more forcibly to augment the balance against them in 1808.

nistration *. And he will have still greater difficulty to explain, to those who read even this slight sketch of the Company's transactions under the superintendence of the Board of Controul, how "THE WHOLE OF OUR INDIAN EM-"PIRE, IN ITS GOVERNMENT AT HOME AND "ABROAD, FORMS A *PROUD MONUMENT* OF "LORD MELVILLE'S OFFICIAL LABOURS †."

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* See Lord Castlereagh's speech, quoted page 227.

† Ibid page 230.

THE END.

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